Vietnam opens doors to business, Page 4



World news

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# Israeli may face early poll to \$275m

A crucial debate within the Israeli cabinet today could lead to an early general election. Foreign Minister losses in mortgage-backed securi-A crucial debate within the Israeli cabinet today could lead to an early general election. Foreign Minister cover his proposal for a Middle East peace conference which he will put before a wote of the cabinet. This reported Page 43 plan is opposed by the Prime Minister, Yitzhak Shamir.

ask the cabinet to vote on a propos-al for a non-binding international conference leading to direct negotiations between Israel and its Arab neighbours. Page 4

#### Punjab violence

Fifteen people have been killed in the north Indian state of Punjah over the weekend. Police have blamed the latest outbreak of viclence, the worst this year, on Sikh extremists seeking an independent homeland. Page 4

#### iceland coalition

Iceland's President has asked the Progressive Party chairman to try and form a new coalition-govern-ment following last month's indeci-

#### Moscow visit

Britain's Labour foreign affairs spo-kesman, Denis Healey, arrived in Moscow for arms control talks with senior Soviet government officials.

#### Mitterrand on top

President Francois Mitterrand celebrated six years as France's first Socialist leader with an opinion poll showing he has gained popularity with the electorate.

#### Philippine election

The army was placed on full siert as Filipinos prepared to go to the polls today to elect a new congress, the first democratic election in 15

state. Page 4.

#### Malta count starts

Counting began in the Maltese gen- can interest rates as "somewhat eral election after a record turnout high during a private visit to Ven-of voters. Troops sealed off the eznela. He expressed optimism that building where the count was being the dollar would stabilise. building where the count was being held, a former British naval barracks. Page 2

land at Warsaw airport to avoid the chance of striking the populated outskirts of the capital, airline

#### Airport re-opens

Beirut airport re-opened after being closed for 98 days. The first aircraft to land was greeted with cheering by spectators. Page 4

#### Disease outbreak

A type of Legionnaire's disease has affected 200 people at a rubber fac-tory in the Soviet Union, the news-paper Izvestia has claimed.

Sadamichi Hirasowa, 95, claimed to study. Page 19
be the world's located to study. be the world's longest serving pris-oner on death row, has died in a To-kyo hospital. He had been in prison

### Marathon winners

Jananese athlete, Hiromi Taniguchi, 27, won the London marathon in 2 hrs 9 mins 50 secs. The women's event was won by Norway's in-grid Kristiansen, 31, who finished outside a new world record time. FISHING BOAT law in the UK is to The Geneva marathon was won by Briton Adrian Hartveld, with Soviet runner Alexandra Tarassova taking first place in the women's event. part of the UK quota, Page 10

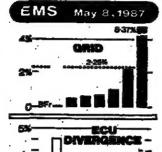
#### Business summary

No. 30,230\_

# Merrill securities lifts loss

plan is opposed by the Prime Minister, Yitzhak Shamir.

In a television interview Mr Shamir reaffirmed his opposition to an international conference and accused Mr Peres of wanting to give up the Israeli-occupied West Bank and east Jerusalem. Mr Peres will ask the cabinet to vote on a proposal for a non-binding international low against the D-Mark, and sever-



• 1 Limit Position May 6 EQU Party

al central banks were active selling the D-Mark, All currencies were trading well within their divergence limits, but the weaker members were showing a steady decline from levels held at the beginning of the

 Currency markets in Italy are expected to open nervously today as a result of the central bank's decithe fire against the D-Mark. Page 2

The chart shows the two constraints on European Manetary System, ex-change rates. The upper grid, based on the weakest currency in the sys-Kim under threat

Kim under threat

South Korea's Government may cyl-divergence from its central rate gainst the European Currency Young Sam for contempt of the state. Page 4.

US FEDERAL Reserve Board chair-man Paul Volcker described Ameri-

TRLETTRA, the Fiat subsidiary which is about to be merged with The pilot of the Pelish aircraft 30 per cent increase in net profits which crashed, killing all 183 people on board, abandoned attempts to land at Warsaw airport to an armond to a state owned telecomman nications company, has reported a 30 per cent increase in net profits last year to L40.2bn (\$34.1m).

ALLIED Lyons, which brews the Anstralian Bond Corporation's Cas-

tlemaine XXXX in the UK, is to brew and distribute two of Bond's IVECO Ford Truck and Leyland-

Daf, both recently merged, are neck and neck for leadership in the UK truck market. Page 16

HK DBUG industry plans to spen more than \$800m on research and development this year, 11 per cent of the national total for R&D.

Page 6 ABOUT 450,000 people in the UK are out of work as a direct result of the EC's Common Agricultural Poli-

A 20m (\$70m) dinar bond issue arranged in Kuwait for Finland rein-states foreign borrowing in Kuwaiti dinar bonds after a five-year de fac-to moratorium, according to Kuwai-

ti banking sources. GENERAL Motors is following Ford by increasing car prices in the UK by an average of 2.1 per cent

be tightened to prevent foreign hosts registering as British and having their catches counted as

# **OECD** calls for changes to avert world recession

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

GOVERNMENTS of leading indus- But the reduction in the imbal- Governments of the leading inthat without a change in their economic policies there is little prospect of a significant reduction in international trade imbalances and a
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the study, which coincides with a sizehe and co-ordinated its- ideas and that the form and Lonsigns that efforts by governments Germany.

The scale of the required policy ton's persistence.

The scale of the required policy ton's persistence.

According to some sources, relations between Mr James Baker, the velopment of the world economy ments of the three economies have US Treasury Secretary, and Mr Niuntil 1902.

The first assumes that the pres- ment. ent thrust of policies in the major economies remains unchanged. pluses in Japan and West Germany. other major currencies.

The warning comes in a study second, or "market-determined." In preparations for next month's prepared for this week's meeting of scenario points to sharp rises in US world economic summit in Venice, finance ministers of the 24-member interest rates, much slower eco- US efforts to establish a more co-

Organisation for Economic Co-operation and Development in Paris.

It suggests that efforts to stabilise the dollar around present levels danger can be avoided if government have apparently ments commit themselves that this more to live up to their commitments to co-ordinate macroeconomic in the US budget deficit coupled for been prepared to accept the US with a sizable and co-ordinated fission governments have become incompleted.

The implication - which was also frosty.
clear from last month's analysis in At the same time, a number of In those circumstances it predicts the International Monetary Fund's governments have become increasa small fall in the US current ac- Economic Outlook - is that the dol-count deficit and in the parallel sur- lar is likely to fall further against

Organisation for Economic Co-oper-nomic growth, and possibly, a world herent structure for international

so far been able or willing to imple-ment. gel Lawson, Britain's Chancellor of the Exchequer, are particularly

Continued on Page 20 Editorial comment, Page 18

# IRA funerals pose test

BY HUGH CARNEGY IN DUBLIN AND OUR BELFAST CORRESPONDENT

THE FIRST of the inverses of eight security forces as they cope with IRA violence. the aftermath of the Irish Republi- Mr Mallon can Army's biggest setback for years.

There were several IRA attacks and widespread rioting in nationalist areas of Belfast, Londonderry. and other towns across the province
over the weekend following the
death of the eight at Loughgall, Co
Armagh, it was the greatest loss of
life by the IRA in a single incident
comments to saying responsibility

unarmed IRA members in 1982 had put the police and army on the
which led to bitter criticism of an alleged "shoot-to-kill" policy.

The RUC secred a further success
on Saturday when a big cache of
for Northern Ireland, confined his
comments to saying responsibility
fast, including two RPG-7 rocket since the troubles began in 1969.

The British Government will he IRA.

Both Mr Brian Lenihan, the Irish gunmen shot deed on Friday night

Foreign Minister, and Mr Seamus

the East Tyrone brigade of the IRA,
take place in Northern Ireland today, posing an awkward test for the

SDLP, concentrated on condemning

nagh, Pat Kelly and Pat MacKear-

comments to saying responsibility fast, including two RPG-7 rocket for the incident clearly lay with the launchers and five rifles. But the

North, the Social Democratic and an IRA informer or through surveillance work.

The dead gunmen were all from IRA violence.

Mr Mallon said he was greatly concerned about the death of an in-

mocent passing motorist in the setback to the IRA in a key border shooting but said the circumstances area and a blow to the organisation of the killings were entirely different was riding a wave of violence which unarmed IRA members in 1982 had put the police and army on the which led in hither criticism of an al.

general election campaign will be fraught with tension,

# Thatcher set to announce June election

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

June is likely to be confirmed at complacency among their support-lunchtime today, as the ruling Con-servative Party launches its cam-ance. servative Party launches its campaign for a third term in office by stressing its continued radicalism in face of attempts by Labour and SDP/Liberal Alliance opposition to regain the political initiative.

Though the political initiative in the political initiative in the political initiative.

Though the political initiative in the political initiative in the political initiative in the political initiative.

Though the political initiative in the priorities in the prioritie

at Westminster.

Parliament will meet during the next few days to complete as much as unemployment, local governas possible of the Government's ment, housing and education. The 
legislative programme. The parties 
will formally start their nationwide 
power down to parents and teachcampaigns, including the publicaers, to tenants and homeowners tion of manifestos, early next week, and to developers and investors,

try residence on election timing and

Barring any last-minute change since he will be in Moscow, at the of mind, Mrs Thatcher is expected invitation of Soviet leaders, to disto hold a special Cabinet meeting before obtaining formal approval from Queen Elizabeth for a dissolution of parliament. The date will cautious, with few detailed committhen be announced from Downing

She was faced with the virtually manimous advice of senior advisers, including those who had fa-voured a later date, that June offered a good opportunity to secure re-election. This was based on a de-tailed analysis by Conservative Central Office of last Thursday's local election results and private opinion polls, the last of which only arrived yesterday. These have con-firmed that Tory support nationally is over the 40 per cent level needed lish for a comfortable overall majority plans in the House of Commons.

A poll taken last week for inde-pendent television puts the Tories on 44 per cent, against 33 per cent for Labour and 21 per cent for the Alliance. This is slightly higher for lower for the Alliance than other firmed, last week's informal discus-

Mr Nicholas Ridley, the Environment Secretary, admitted in a BBC interview that June had become a "probability." He said: "I think we have been pushed by the media, by the City, by investors and opinion all over the world to clear up the uncertainty and get on with it."

Reflecting what is likely to be-come a familiar Tory refrain, Mr Ridley said the Government would have "to fight" for victory, which was by no means certain. Tory lead-

A BRITISH general election in ers are concerned about possible

the manifesto would be "areas of life we have not yet got right," such

uon or manifestos, early next week, and to developers and investors, but party leaders will use this rather than local authorities.

The Labour Party's national excut campaign themes.

Mrs Margaret Thatcher, the due to meet tomorrow to agree on Prime Minister, yesterday held just over two hours of talks at her coursensitive areas will be the phraseology on defence on which the Tories tactics with seven senior ministers are likely to attack. However, Mr on her strategy group - commonly benis Healey, the party's foreign affairs spokesman, will be absent

cuss arms control. It is already clear that, unlike 1983, Labour's manifesto will be ments apart from a £6bn (\$19bn) programme to reduce unemployment. The main campaign themes will be jobs, boosting manufactur-ing industry and expanding the health and education services. The Alliance's general election

campaign committee met for the-first time in London last night un-der the chairmanship of Mr John Pardoe, the former Liberal MP. One of its central themes will be the "responsibility of its economic approach, and tomorrow it will publish five-year public-expenditure

This programme will include re-vised social security and tax plans which, unlike original proposals last summer, avoid any extra pay-ments for most middle-class tax-

Once the election date is consions between the parties at Westminster will be quickly formalised with the rearrangement of legisla-tive business. The bill to abolish domestic rates (property taxes) in Scotland will be finally approved on Wednesday. The main outstanding issues are

Finance Bill, now in committee stage in parliament, and the mas-sive criminal justice measure. Analysis, Page 8

# **Further** dollar fall seen as essential to US

THE FALL of the dollar to around Y140 brought production costs in many US industries down to the levels in Japan, West Germany and other advanced competitor countries. But the dollar will have to decline a good deal further before there is any major improvement in US trade figures or American industry's international market

In particular, many US industrialists see Y120 as an important milestone which will have to be passed by the dollar before the rising trend of Japanese import pene-

tration is decisively reversed These are among the most immediate conclusions emerging from nearly 100 interviews with senior industrialists, politicians, academics and labour leaders, conducted all over America in the last two

By Anatole Kaletsky In New York and Guy de Jonquieres in

months. The widely shared view on currencies was summarised by Mr Bob Lutz, executive vice president

of Chrysler.
"At Y240 to the dollar, America was obviously doomed, completely wiped out as a manufacturing nation. At Y150, we at Chrysler were broadly cost competitive on cars landed in the US. At Y140, Toyota and the best of the Japanese manufacturers are still finding ways to make their exports profitable. At Y120, the Japanese will hit their death level - Y120 will really clean them out."

Mr Thomas Graham, president of USX (formerly US Steel), made a similar point: "At Y200 we felt we were already the low-cost supplier to most of the US market. Now we are sure of this. But the currency thing isn't over yet - the dollar will certainly go down to Y120."

Mr Roger Smith, chairman of

General Motors, said he believed that the new Chevrolet Berettas rolling out of GM's totally refur-bished plants in Delaware and New Jersey were probably the lowest cost cars in the world. But on average, GM's total costs remain some-what above Toyota's, even at to-

day's exchange rate. GM's total labour costs per hour are \$34 and standard hourly wages, according to the United Auto Workers, are about \$13.50. At Toyota, the average shop floor worker costs a total of Y2,830 an hour, 80 per cent of which is paid in wages, overtime how much can be salvaged from the and bonus. Thus, at last Friday's closing exchange rate of Y139.7 to the dollar, Toyota's labour costs are

> Continued on Page 20 Feature, Page 18

# Barbie trial to open in Lyons

MR KLAUS BARBIE, the former

Twice before he was condemned to death in his absence for murder and torture. This time, Mr Barbie is accused of crimes against humani-

Mr Barbie first became notorious in France for the arrest of Mr Jean

but across the River Saone Jewish war. groups have tried to broaden the isThe claim was bothy denied by has more to offer than memories of snes to put Nazism itself on trial. Mr François-Poncet, the ambassadthe occupation.

In the Place des Terreaux, just in or's son and himself a former chief of the Gestapo secret police front of Lyons' town hall, they have during the Second World War, to-day begins his third and most spectacular trial in France.

In the risks des terresus, just in the french Foreign Minister.

French Foreign Minister.

But aready the Berbie canves as a silent memorial to the provoked some sour reministration of the first of the first of Lyons' foot high cube of white provoked some sour reministration.

8.25m who died in Hitler's concentration. tration camps.

The cube will be inaugurated this morning and will stand as long as Mr Bartie's trial lasts - at least the next two mouths.

Many Frenchmen fear that the court case will prove to be the occa-sion for a third trial, that of France's stittude during the period Moulin, the personal representative of General Charles de Geulle.

Mr. Moulin died in German captivity. His death does not feature in

Mr. Lacross Will prove to be it sion for a third trial, to find the first death during the first death does not feature in

Mr. Lacross Will prove to be it sion for a third trial, to find the first death during the first dur

tivity. His death does not feature in the current trial.

The main charges against Mr. Barbie are:

The arrest and deportation of 84 Jews seized in a raid on Lyons' Rue Seinte Catherine in 1943.

The deportation of 44 children from a Jewish refuge at izien near Lyons, in 1944.

The deportation of 650 Jews and French resistance members in August 1944, only a few days before German forces were driven out of Lyons.

of the German occupation.

Mr Jacques Verges, Mr Barbie's afraid of all the extremes, and I am having all those who in my view are liable to cause trouble weiched. Mr Georges Bastelica, Lyons' prefect of police, said.

These incidents have worried Lyons' the deportation of 650 Jews and French resistance members in August 1944, only a few days before German forces were driven out of Lyons.

But aready the Barbie trial has provoked some sour reminders that Nazi ideology found ready echoes in France.

A march on Saturday in honour of Joan of Are joined Lyons' royal-ists and members of the extreme right-wing National Front Party with black-shirted neo-Nazis.

An Arab youth centre in Lyons was sacked last week by vandals who left pictures of Bart daubed extreme right-wing slogans

German forces were driven out of Nazi war criminals claiming that Lyons.

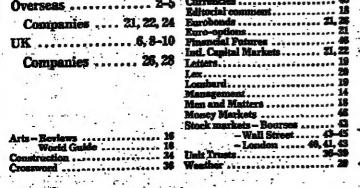
Mr Barbie was helped to escape ing the River Saone, where the must be succeed the press centre overlooking the River Saone, where the must be succeed to the press centre overlooking the River Saone, where the must be succeed to the press centre overlooking the River Saone, where the must be succeed to the press centre overlooking the River Saone, where the must be succeed to the press centre overlooking the succeeding the results of the press centre overlooking the succeeding the su

IN SWINDON WE HAVE A REFRESHINGLY STRAIGHTFORWARD BUSINESS PHILOSOPHY



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THAMESDOWN BOROUGH COUNCIL HAS A RANGE OF SITES AVAILABLE.





ches a series of articles which examine the reasons for falling **US** industrial performance and

sess the efforts of American corporations to reverse the

The FT today laun- Monday Page: interview with Secretary of State for Wales ...... 12 Management: the tests facing Northern Editorial comment: South African polls; OECD meeting ...... 18

Foreign Affairs: devilish plot by men at Lombard: regulating communications technology ...... 19 CGE: shaping up to challenge foreign

decline. Page 18 rivals ..... 24

# Canadian politician resigns

DONALD JOHNSTON, 50, a senior minister in the 1980-84 government of Mr Pierre Trudeau, has resigned sud-denly from the shadow cabinet of the opposition leader, John Turner, to speak out against the Meech Lake constitutional

Mr Brian Mulroney, Prime Minister, and the 10 provinces reached the agreement 10 days ago on a formula to bring Quebec into the 1982 Although the finance ministers are supposed to be conducting a thorough debate on the European Commission's proposals to raise their national contributions to the budget between now and 1992, to avoid their personal budget external budget prises. Canadian constitution. The liberal opposition under Mr Turner generally welcome the agreement, while stating reservations about certain

Mr Johnston, a friend of Mr and share the burden more equally, there is no sign of any emerging consensus. Hopes are fading, therefore, for any decision in time for the 1988 budget. Trudeau and who sits for a key Montreal riding, has stepped down as Mr Turner's foreign

that could radically change the shape of the federation from a political, social and economic point of view and I must speak out on this issue," he said, Ottawa and the provinces agreed the constitution should recognise Quebec as a distinct society within Canada, All provinces have a veto on consti-tutional change affecting parlia ment, the supreme court and three key issues related to the provincial boundaries, and can crisis, on none of which they

# EC spending limit talks doomed

BY QUENTIN PEEL IN BRUSSELS



ATTEMPTS by European Com-

Disagreement between the

their perennial budget crisis and share the burden more

year at Ecu 36.4bn (£25.34bn) is now said by the Commission

president. Mr Jacques Delors, to be in need of an extra Ecu 5bn because of higher agricultural spending and lower

revenues than expected as well as a deficit on the 1986 budget.

The ministers will have their first full discussion today on

can agree:

The future financing pro-

MONDAY

TUESDAY

FRIDAY

SATURDAY

SUNDAY

abandoned.

contributions.



The problem facing both com-mission and Council of Minis-ters in the budget process is that the spending figures have ceased to bear much relation to

The budget discipline proposals on the table suggest alternative maximum spending limits for 1988 of Ecu 36.6bn, Ecu 37.3bn or Ecu 40.9bn, depending on the base year for spending chase in the

farm spending chosen in the

Mr Nigel Lawson, the British Chancellor of the Exchequer, and Mr Onno Ruding, the Dutch Finance Minister, are expected to press for the most

2040 ARRIVE TOKYO 1525

DEPART LONDON 1930 ARRIVE TOKYO 1510

DEPART LONDON 1930 ARRIVE TOKYO 1510

cash resources.

Jacques Delors (left) and Onno Ruding who face some tough talking

sals of the commission; The immediate Ecu fibn 3.5bn) gap in the 1987 The spending ceiling for 1938 to respect the ministers' own rules of "budget disci-

Only in mid-week will the Only in mid-week will the commission formally agree its preliminary draft budget for 1988 and its precise supplementary budget for the current year. But the draft is expected to come end at about Ecu 43bd, compared with available revenues of about Ecu 58bn, leaving a similar financing gap in 1988 to that in 1987. leaving a similar financia in 1988 to that in 1987.

DEPART PARIS

SCHEDULE EFFECTIVE FROM JUNE 1st. EVENING DEPARTURE

TIMES ALLOW EASY CONNECTIONS FROM OTHER EUROPEAN CITIES

rigorous possible interpretation of rules agreed in 1984—keeping spending down to one of the two lower figures. They want strict adherence to

the budget discipline formula: that farm spending must grow no faster than the growth rate of EC revenues, taking 1984-85 as the base year; and other spending must be kept to a "maximum rate" calculated for 1988 at 7.4 per cent. On their calculations, the farm budget growth would be kept to less than two per cent.

Others argue that such rigour, is unrealistic: after two years in which farm spending has broken through the limits, retaining the base of 1984-85 implies drastic cuts which would be politically impossible. They want to take 1987 as the base year.

The commission's budget plan implies an increase in farm spending of 18 per cent on the original 1987 figures—or five per cent if the supplementary budget is assumed to be

have a foot in both camps, wanting to see budget discipline respected (it was the idea of Mr Delors in 1983 when he was French Finance Minister), but also fearing drastic cuts in farm

Whatever the outcome, the commission seems certain to be finalising its spending plans for 1988 without agreement from the finance ministers on the limit and little prospect of them reaching one,

## **W** Germans remove bar to Ecu

WEST GERMAN banks will soon be able to offer customers bank accounts denomicated in European Currency Units (Ecu) as a result of the drop-ping of objections to the move by the Bundesback, the central

Confirming its reputation for caution, the Bundesbank has given up its long-standing opposition to developing the of the European Community's composite currency unit is anyway suffering a fall in population

After previously dragging its feet over the issue for years, the central bank does not look likely to win any plaudits from foreign governments such as the Freuch who have long been championing the Ecu as a means of furthering European

The Sundeshank, at a meeting of its policy-making central council last Thursday, agreed to a suggestion by Mr Gerhard Stoltenberg, the Finance Minister, that German residents now should be able to make deposits denominated in the

Officials said banks should be allowed to offer Ecu facilities during the next few months, although they added they doubted if this would lead to

# Poehl hints at need for tighter US policy to attract capital

Mr Karl Otto Poehl, the President of the West German Bundesbank, has issued a veiled call for a tighter US monetary policy to attract American capital inflows necessary to protect the dollar against a further damaging fall.

He depreciation of the US cur-rency could bring both slower growth in West Germany and Japan and a "vicious circle" of higher inflation and more devaluation pressure in

go so far as to advocate out-right an increase in US interest rates, he said American rates, he said American monetary policy would have to take "due account" of attracting substantial net capital inflows to finance the US current account deficit.

Measures to allow monetary policy to take more of the strain, as well as to cut the US budget deficit, would be welcome. This would mean that the US was adhering to the same sort of disciplined

the same sort of disciplined financial "rules of the game" which had produced relative currency stability in the n Monetary System

conths the US current account effeit had been financed deficit had been financed largely by dollar intervention purchases by foreign central banks, not by net private capital inflows. This was "a sure sign that there is policy inconsistency," Mr Poehl said. Although he couched his views in highly-guarded and diplomatic language, Mr Poehl, speaking last week at Harvard

University. ominous account of risks stemming from present dollar instability.

instability.

Mr Poehl's basic thesis is that the international monetary system, after already suffering a highly disruptive period of dollar "overshooting" during its exponented appreciation its exaggerated appreciation between 1981 and 1985, may now be facing a dangerously overdone dollar decline which could dampen international growth at the same time as

growth at the same time as increase inflation.

He said the so-called "Louvre Accord" in February between the group of five countries and Canada did at least confirm the US shift away from "benign neglect [over the dollar] to active concern."

But Mr Poehl categorically denied that the February agreement was aiming to bring in any kind of "target rates"

in any kind of "target rates" for the dollar to replace the floating exchange rate system. Mr Poehl's speech contained a clear hint of the threat to growth in both West Germany and Japan of the current rise of their currencies against the

He warned that so-called "J-curve effects" under which current account imbalances current account imbalances can persist or even be magnified by appreciation of surplus countries' currencies, "may turn out to be longer lasting than generally assumed."

This would mean that pressure on the foreign expense markets would still be

change markets would still be building up for further appreciation of the yen and the D-Mark even after ex-change rates had already adjusted sufficiently.

#### WEDNESDAY DEPART LONDON 1930 ARRIVE TOKYO 1510 **DEPART PARIS** 2040 ARRIVE TOKYO 1525 **Bonn prosecutor probes Neue Heimat testimony** DEPART LONDON 1930 ARRIVE TOKYO 1510

BY HAIG SIMONIAN IN FRANKFURT

Deutscher Gewerkschaftsbund (DGB), the West German trade union federation, and Mr Volker Lauge, senstor for economics in the Hamburg state parliament, are to be investigated by the Bonn public prosecutor's office on suspicion of giving false testimony to the parliamentary committee looking into the troubled Neue Heimat property

by West Germany's trade union movement, is Europe's biggest private housing company, it has been surrounded by a scandal

WR ERNST BREIT, head of the over mismanagement and corruption over the past three

lonsin reale

reacted to the findings of the special Bundestag committee into Neue Heimat, which sat between June 1986 and January this year. The committee's final report, delivered in February, illegedly pointed to contradi tory testimony on the part of some witnesses.

The prosecutors are also to make a similar investigation into Mr Gottfried Scholz, the former head of the housing building authority.

# Tension at Malta's polls

SUPPRESSING tension and violence in the aftermath to Saturday's general election result remains a major worry for both Maltese Prime Minis-ter, Dr Carmelo Mifsud and his rival, Dr Eddie French Adami, opposition and Nation-alist Party leader.

alist Party leader.

The Prime Minister, on a greelling 16-hour tour of every polling station on Melta and the offshore island of Gozo on Saturday made it clear his main concern was for law and order to be rigidly upheld, particularly in the hours immediately following the announcement of the result early today.

"The leader of the opposition and myself have worked out arrangements to ensure we get out of this campaign as civilised people should. For the two parties it is important which

one of us wins but the overell best interest for Malta lies in law and order being main-tained." the Prime Minister

One decision was for the victorious leader to immediately deliver a televised address to the country. This hopefully will discourage party supporters from pouring out into the streets to celebrate their party's victory at the polis.

The island's 1,800-strong police force and the 1,00 men serving in the paramilitary task force will remain on full alert. Lines of communications

between the two leaders are to be kept open.
Should he suffer defect, Dr
Mifsud Bonnici insists he will
hand over power to Fenech
Adami immediately.

#### Drop in value of lira creates nervous mood By john Wyles in Rome

CURRENCY MARKETS in tialy open in a nervous mood today as a result of the litalian central bank's decision to tolerate a significant fall in the value of the lira against the West German D-Mark.

The Italian currency fell by 1.7 per cent to its lowest level against the D-Mark of DM 275.15 on Friday after only minimal central bank intervention. As a result, the liva was also substantially marked down against other correncies, including the US dollar. Adding to the uncertainty

is expectation of relaration of exchange controls this week. The government is expected to lift its requirement on purchasers of foreign securities to lodge a non-interest heaving IS non-interest bearing 15 per cont deposit with the central bank.

Italy has European Com-munity permission to maintain this control until December 19.

Explaining its relative in-activity on Friday, the Bank of Haly says it was operating a more "flexible" policy. a more "flexible" policy. In reality, it is understood that the central bank is following a lead given by the Bank of France designed to put pressure on the Bundesbank to reduce West German interest rates.

#### Church tells Italians which way to vote

By Our Rome Correspondent

ITALY'S Roman Catholic Bishops at the weekend produced their predictable, albeit veiled, recommendation that the faithful should vote Christian Democrat in next month's general election.

According to some observers, the Church's endorsement of Italy's dominant party was both stronger and less equivocal than previous pre-election messages. Its importance is judged than previous pre-election mes-sages. Its importance is judged to be enormous. Socialist Party leaders believe the Church's support may be worth up to 70 per cent of the Christian Democratic votes.

FINANCIAL TIMES Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt Main, sand, as members of the Board of Directors, F. Barlow, Main, sud, as members of the Board of Directors, F. Barlow, R.A.F. MicLean, G.T.S. Damer, M.C. Gosman, D.E.P. Palmer, London, Printer: Prankfurter-Societäts-Druckerei-GmhH, Frankfurt/Mein. Responsible editor: R.A. Harper, Frankfurt/Main. Gulolletistrasse 54, 6000 Frankfurt am Main 1. C. The Financial Times Ltd. 1987. PINANCIAL TIMES, USPS No. 190640, published delly except Sun-days and holidays. U.S. subscription rates \$35.00 per samum. Second class postage paid at New York, N.Y. and at additional mailing of-frees, POSTMASTER: send address changes to FINANCIAL TIMES. 14 East 60th Street, New York, N.Y. 10022.

THE DAY ON ONE AIRLINE FLIES NON-STOP TO TOKYO. 6 TIMES AWEEK.



### **OVERSEAS NEWS**

# Brazilian railway project attacked

May 11 1987

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A ROW has broken out in Brazil over a \$2.4bn (£1.4bn) railway project aimed at opening up the country's less-populated central region with the ports of the north.

First criticisms of the North-South railway—the country's most ambitious public works project for a decade—came at the scheme's announcement at Christmas, Several engineers. politicians and economists claimed the 1,700 km railway was too expensive and offered an inadequate return on the

an inadequate return on the investment necessary.

But President Jose Sarney, backed by the governors of states adjoining the proposed line argued that the plan promised to do more to open up the country than any public work since the building of Brasilia and its read link to the

work since the building of Brasilia and its road link to the Amazon port of Belem.

Approval was given earlier this mouth for a total \$2.4bn to be allocated to the scheme, with the first tranche of funding, \$540m, due to be authorised this year. Work is expected

ised this year. Work is expected to begin next month.

The decision to push ahead at a time when Brazil has deciared a moratorium on its \$113bn foreign debt, is seeking \$5bn over four years in new money from creditors and faces an economic squeeze at home has sparked a wave of protests.

Mr Alfonso Camargo Netto, a senator for the southern state of Parana which also seeks new reil links, is calling on the rail links, is calling on the majority Democratic Movement Party (PMDB) to rule the scheme unconstitutional on the grounds that it is not part of the national transport plan. "It has nothing to transport. It doesn't have economic viabiity and it is going to generate more inflation for the country as it will be money badly used, he said.

# McFarlane set for Contra hearing

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

PRESIDENT RONALD Reagan's tional attention than the White be helpful to Mr Reagan. Involvement in the kran/Contra House might have feared.

The president continues that, like his fellow country that, like his fellow country that, like his fellow country that the state of the st arms scandal is destined to move back to the centre of political de-hate in Westington this matter it. bate in Washington this week as Mr cord, a private citizen when he play-Robert McFarlane, a former Rea-ed his role in the scandal, for all the gan Administration national secur- detail he provided had no dramatic ity adviser, appears on Capitol Hill
in televised public hearings before
the congressional committee investigating the affair.

Capitol Hill
new revelations to offer about Mr
n

collapse of Mr Gary Hart's presidential prospects, the first four formation about what went on independent of the first four formation about white House which will not say the first four formation about what went on independent of the first four formation about what went on independent of the first four formation about white House white Hou

igating the affair.

So tortured by his role in the affair with much public attention last that he attempted suicide – as a top week focused on the speciacular White House adviser until Decem-

is watching the hearings to find out

The New York Times reported seeking to overthrow the government of Nicaragua.

how it should be done and that The president continues to insist meither he nor the president or that, like his fellow countrymen, he dered the council to do anything dered the council to do anything illegal

Mr McFarlane is also likely to be questioned closely on events as the yesterday that Mr McFarlane in- scandal broke last Autumn. Mr Setends to tell the committee that Mr cord last week indicated that Mr Reagan ordered the staff of the Na-tional Security Council to help ar-range support for the Contra rebels the former military officer maintained, was inaccurate.

ment of Nicaragua.

This charge, if correct, points to an early White House attempt to

Canute James on the profitability problems facing hoteliers

# Seasonal troughs batter Caribbean hotels

AS THE peak winter season nears its end, Caribbean resort countries are already assured that this year will see a record number of tourists which in 1986 topped 8m for the first time. But although the region's hoteliers are savouring increased occupancy levels - despite their rooms being among the most ex-pensive in the world - they are hard put to increase their properties'

profitability. Many of the region's govern-ments now accept tourism as the only means of filling gaps in foreign earnings caused by depressed in-come from traditional commodity exports. They have all promoted the region, mainly in North America and Europe and, say officials, the

effort is paying off.

The Caribbean's tourist industry grew in 1986 by 5 per cent in terms of arrivals, boosted by an increase in the number of US visitors. US tourists account for about 70 per cent of the region's tourism market and last year their number rose by 8 per cent.

It was not only intensive promovisitors. The Barbados-based Carib-

bean Tourism Research and Development Centre (CTRC) says the 1 per cent.

growth in the number of US visitors

The growth in the region's was reflected continuing fears about terrorism in Europe and the Middle

boosting their efforts to exploit what is accepted as a potentially lucrative European market. The volume of tourists from Europe last year grew by about 11 per cent over 1985. "Much of this increase is due to the UK market, which sent over 20 per cent more tourists to the Caribbean," the Centre said.

Tourism officials say a fresh as-sault is being planned for West Ger-many, and Japan. However, al-though the region has room for about three times as many visitors as it attracts the market is seasonal, so summer business is slack.

But not all the resort countries in the region gained from the in-creases of last year. While Puerto Rico, for example, recorded growth of 12 per cent, Jamaica 16,1 per cent and Grenada 10 per cent, Aruba tion, however, which attracted more saw a 124 per cent decline. Tourist

per cent in Trinidad and Tobago by rivals in the Caribbean in 1986

supported by continued expansion in the accommodation sector, were in cruise ship business in 1986. Cargenerally lower than in 1985. rying on a trend which began n 1965. Again, say hoteliers and gov-ernment officials, many shipping lines diverted vessels from the Mediterranean to the Caribbean because of consern about terrorism.

According to the CTRCs figures, the two biggest Caribbean cruise destinations, the Bahamas and the US Virgin Islands, reported increases of more than 30 per cent last year, while lower but still significant increases were recorded by Antigua, Barbados, Granada and Martinique. The CTRC has projected continued growth in the region's tourism, based on expected expansion of the

North American and European Despite the increases in business volume however, the region's hotels remain among the least profitable in the world because of high operat-

ing costs.

Although there have been in-

room occupancy rates, a good indi-cator of utilisation and profitability generally lower than in 1985.

The study indicated that Caribbean hotels experienced low profitability despite recording revenues about a third higher than the worldwide average. Total revenue per available room was about US\$40,000 per year for Caribbean hotels, compared with \$35,000 in the Pacific and \$39,000 worldwide.

"Income before fixed charges was only \$6,600 per available room in the Caribbean, compared with \$11,000 in the Pacific and \$8,000 worldwide," the centre said.

This is primarily due to higher operating and undistributed ex-penses in the Caribbean hotels." Income before fixed charges for Caribbean hotels fell sharply between 1980 and 1982, but rose by 150 per cent between 1982 and 1985, largely due to an increase in room rates. This was not supported, however, by success in the attempts of Caribbean hoteliers to reduce their

## Third World action urged on spread of AIDS

By Michael Holman

A LEADING British aid organisation has called for urgent co-ordinated action by all voluntary agencies working in the Third World to combat the spread of AIDS (acquired immune deficiency syndrome). In a 60-page report\* pub-lished at the weekend, War on Want warns that in Africa the virus is likely to spread from worst-hit countries along lines of transport. Southern Africa, says the study, "sppears to have all the fartoesr required for rapid spread of the virus," affecting, in particular, Zimbabwe, Mozambique and Angola, while South Africa "may face a major and widespread epidemic in the near

The report concentrates on Africa, where up to two thirds of the world's estimated 100.000 cases of ADDS are located. War on Want cites figures from a conference sponsored by the World Health Organisation which suggested that there could be 75m people dead or dying from AIDS in Africa in the next few years.

the next few years. War on Want urges development agencies to belp in the campaign against the virus Non-governmental agencies need to pool their information, and programmes should be designed to cope with the impact of AIDS in specific areas, such as mining towns.

The report warns of the potential economic consequences of increasing deaths from the virus: "Cash crop and subsistence agriculture econo-mies could be damaged ... urban based economies may also be vulnerable, especially if skilled workforces are lost and cannot readily be replaced"

\* AIDS: Proposals for Action prepared by Robert Grose for War on Want, 37-39 Great Guild-

# Manila puts military on alert in bid to preserve poll calm

BY RICHARD GOURLAY IN MANILA

AFTER THE freest, cleanest go to the polls today to elect wing a new Congress with the deposed greatest threat to polling Marcos. coming from Moslem separatist Mrs A

The military, however, went on top priority alert nationwide as a precaution against election violence and moved extra troops into Mindanao island, where Moro National Liberation Front Moslem rebel leaders last week threatened to disrupt polling.
Talks between the Moslem

separatists and the government for autonomy in four southern islands broke down last week amid rebel threats to resume a sporadic 14 year secessionist associate war in which more than 50,000 attempt. people die din the early 1970s. Elections in the Philippines

have often in the past been marred by violence before and on polling day and by widespread cheating. This year over 80 died in election related incidents, less than half the number that died in last year's Presiden-

Results from the polls for 24
Senate and 200 Lower House
representatives will take at least a week to emerge, with the first trends likely after two days. President Corazon Aquino has campaigned widely for two months in support of her administration ticket, calling for voters to reject the opposition which she said would only

be obstructive.

Her personal popularity is likely to be a key factor behind a strong vote in favour of her chosen candidates, observers

from an alliance led by Mr Juan and least violent election Ponce Enrile, the former campaign in 15 years, Filipinos Defence Minister, and rightwing supporters loyal to deposed President Ferdinand

> Mrs Aquino ousted Mr Marcos in a civilian-backed military revolt in February 1986 led by, among others, Mr Enrile.

Since she abolished the old constitution soon after taking power she has governed by Presidential fiat but has strongly supported the return of democratic institutions.

Mr Enrile broke with the administration last November after months of opposition from within the cabinet, when Mrs Aquino fired him for being associated with an alleged coup

Fielding a slate for the first time is a left wing party, the Partido ng Bayan, which the government says has strong links with Communist-led rebels who resumed an 18-year insur-gency earlier this year after a brief ceasefire.
The PnB candidates have

been the only party to grapple with the Aquino administration over issues, accusing her of merely taking over from where Mr Marcos left off and doing nothing to improve the lot of the that still live below the poverty

#### Swiss official freed

MOSLEM kidnappers yesterday released one of the two Swiss Red Cross workers they had held in the southern Philippines since Tuesday, the military and

# Alfonsin ready to make 'dirty war' concessions

BY TIM COONE IN SUENOS AIRES

ARGENTINA'S Attorney- month was sparked when the General, Mr Juan Gauna, has federal courts began hearings intimated that the Government does not consider middle-ranking officers guilty of human manded an end to the trials rights abuses when acting under of the junior ranks and Mr. orders from superiors. orders from superiors. ""

In a report to the Supreme Court, published at the week-end, with a letter to President Raul Alfonsin. Mr Gauna gives the first indication of govern-ment policy regarding the future course of human rights

The definition, the torture and assassination of prisoners by junior-ranking officers (those mostly below the rank of colonel) would be excluded from the list of charges in the trials where it can be proved that the officers were not exceeding orders.

Mr Gauna none the less recommended reform of mili-tary law preventing "blind obedience" to orders which would involve subordinates in

criminal act.
The issue has been contro-The issue has been controversial since the Government of President Raul Alfonsin came to power in December 1983 to the navy. At an informal to power in December 1983 meeting at which the Secretary-and began investigations into human rights abuses committed by security forces during military rule from 1976 to 1983, the so-called "Dirty War."

The military rebellion last ranking officers.

**Icelandic** coalition sought

ICKLAND'S President Vigdis Finn-bogadottir yesterday asked Mr Steingrimur Hermannsson, chairman of the Progressive Party, to try to form a new coalition govern-ment, an official said, Renter re-ports from Rephysics. military and civil law is the first clear indication that the Government is preparing to make major coacessions to the

ter since 1983 and shown by public The Attorney-General's view differs considerably from that of the federal court judges who opinion polls to be the nation's best-liked politician, has headed a carehave already ruled that "aber-rant acts," namely torture and homicide carried out by junior ranks, are punishable under

He said he would begin talks with party leaders. But observers said it might take months to form a new The judges are not obliged to heed the attorney-general's view in passing sentences in future trials, but the report will nonetheless influence the way government and Mr Hermannsson might even fall.

In that case, the President is expected to appoint one of the other

Mr Hermannsson told a radio inerviewer that unless he could not forge a coelition quickly, he would relinquish the presidential appoint-

Mr Thorsteinn Palsson, Indepen-dence Party chairman and Finance Minister in Hermannsson's centre doubts about further cooperation with the middle-of-the-road Progressive Party.

Observers said leaders of the conservative Independence Party and the Social Democratic Party were eager to form a majority govern-ment with either the left-leaning Women's Alliance or the Socialist People's Alliance.

Such a government would have the support of the influential labour

Even after its crushing defeat in the April 25 poll, the Independence Party remains Iceland's biggest party. While no two parties have enough seets to form a majority, all three-party options involve the In-

# No Photographs, Yet Still The Most Detailed Daily Picture of World Financial Markets.

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Bundesbank Relies on Wily Trader To Spot Vulnerability of Currencies

By THOMAS F. O'BOYLE

ETER FISCHER-ERLACH, with \$45 billion under his control, would be thought of as a powerful man in most lines of work. But the chief of foreign-exchange trading at West Germany's central bank, the Sundesbank, knows all too well that central banks don't wield the power they once did in influencing the value of a country's most visible asset, its currency.

Some \$235 billion is traded daily in the global foreign-exchange market, a four-fold increase since 1982. "It's incredible how big the market

THE WALL STREET JOURNAL.

day called on the Christian Democrat government of President Vinicio Cerezo in Guatemala to fulfil its pledge to investigate human rights abuses committed by previous military The human rights organisa-

**Amnesty plea to Cerezo** 

The human rights organisa-tion claimed that those re-sponsible for human rights crimes of "staggering propor-tions" were shielding behind an amnesty law passed by the outgoing military rulers.

The call came in a 230-page report compiled by Amnesty International detailing abuses

BY ROBERT GRAHAM, LATIN AMERICAN EDITOR AMNESTY International yester- dating back to 1982. Amnesty expressed the concern that failure to prosecute might lead "those responsible for human rights violations to believe that they could act with impunity in the future."

Although the report notes

in which state prosecutors act in the outstanding cases involv-ing about 370 officers and junior ranks of the military and

Unrest continues in the

positive improvements since President Cerezo took office 16 months ago, Amnesty maintains it is still receiving disturbing reports of "disappearances" and political killings. Failure to establish an inquiry into past abuses may have helped encourage these new violations, Amnesty says.

This announcement appears as a matter of record only

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# Israel puts off decision on peace talks

been expected to make to the Middle East last week.

SHIMON PERES again fore-cast an early general elec-tion over his proposal for a

Middle East peace conference. In an interview with

Reuters he said yesterday: "We are going to the polls because we think it's a major

issue that the people have to decide."

THE divided Israeli Govern- resorted to sending an aide to ment has put off a decision on Washington. A trip by Mr the proposed Middle East peace Moshe Arens, a minister with-conference at the eleventh hour to allow time for the two blocking a trip Mr Shultz had to allow time for the two opposing camps to attempt separately to win over the US.

Despite his reluctance to be Despite his reluctance to be drawn into the acrimonious director-general of the Franciscus, Mr George Shultz, the Minister's office and one of Mr Shamir's closest confidantes,

US Secretary of State, is likely to be forced this week to mediate between Labour and Likud in an effort to reach a consensus on the next steps in the peace process.

A meeting of Israel's policy-

A meeting of Israel's policy-making inner cabinet set for today, previously billed as a make-or-break occasion, will still debate the peace negotiations formula agreed in principle by King Hussein of Jordan and Mr Shimon Peres, the Israeli Foreign Minister and Labour leader.

But not decision is expected for up to 10 days, until Mr

and Labour leader.

But not decision is expected Administration to mount for up to 10 days, until Mr another Camp David-style effort Peres returns from talks in to help bring about direct nego-Washington. A top adviser to tlations between Israel and Mr Yitzhak Shamir, the Prime Jordan.

Minister flew to the US yester— In September 1978, President Mr Yilzhak Shamir, the Prime Jordan.

Minister flew to the US yesterday at short notice as the rightwing Likud continued its campaign to halt the recent momens.

Jordan.

In September 1978, President, Jimmy Carter mediated between the Egyptish President, Anwar paign to halt the recent momens. tum towards talks under international auspices.

It was the second time in two
weeks that Mr Shamir had

Stadt, and islate Fine
Minister Menachem Begin, to
produce Israel's first-and-only
peace treaty with an Arab

**US warned on Mideast** 

The President of the United from Oman on the second leg Arab Emirates (UAE) told US of a tour which diplomats said envoy Mr Robert Murphy was aimed at reassuring Gulf yesterday that Washington Arab states of continued should adjust its Middle East American support.

policy to keep its friends in the region. Reuter reports from Abn Dhabt.

Sheikh Zaid bin Sultan alNahayan also said both superpowers should work to end the Iran-Iran war, now well into United States."

American support.

In his call for superpower influence to end the Gulf war, Sheikh Zaid was quoted by the official UAE news agency, WAM, as saying: "The responsion of the Iran-Iran war, now well into United States."

its seventh year.

Mr Murphy, Assistant Secretary of State for Near East and South Asian Affairs, arrived

Sheikh Zaid said there now was a chance to achieve a just, lasting peace in the Middle East

## Violence in Punjab kills 12

TWELVE people were killed in Punjab yesterday, according to the Press Trust of India, as Sikh separatists increased pressure on the state and central governments, Reuter reports from New Delhi.

Six people were shot dead and three seriously wounded when 20 extremists riding motor scooters swept through two villages near Amritsar, firing indiscriminately.

In Amritsar, a goldsmith was killed by two gunmen who fired into his shop. The shop's owner, a militant Hindu leader and their apparent target, was wounded together with a labourer. Near Batala, three gummen killed the Sikh headman of a village.

## Polisario clashes

with Moroccans

THE Algerian-backed Polisario guerrillas say they killed 93 Moroccan soldiers and captured 13 in an attack on Moroccan defence lines in the Western Sahara last Friday, Reuter reports from Algiers.

The target of the attack was reported to be Dhoueheb in the Farsia area, in the north-

eastern corner of the disputed The attack was the first clash with Moroccan forces since an Algerian - Morocco porder summit discussed the Western Sahara last Monday.

#### Approach to Tamils

The government sent a Sin-halese army captain to the northern Jaffua peninsula at the weekend to try to open talks with Tamil rebels on creating a "peace zone" around the region's main hospital, AP reports from Colombo.

#### Railway blast

TWO men were injured in a suspected limpet mine explosion at a railway station near Johannesburg yesterday, South African police said, Reuter reports from Johannesburg, The blast at Roodeport, west of Johannesburg, damaged a ticket office and a telephone bank, bought fertiliser, pesti-

Steven Butler reports on a model example of bending central planning rules

# Vietnam opens the door to entrepreneurs

IN early April Mrs Ba Thi Thi, a silver-haired woman of 65, had a great deal of satisfac-tion. After seven years of directing a food supply and processing operation in Ho Chi Minh City that skirted the edge of both the law and communist party orthodoxy, her company, the Ho Chi Minh City Food Company, was declared a national model.

It is a model of how to bend It is a model of how to bend the rules of central planning to get something done. If the rest of the country follows suit, Vietnam will still be socialist, but it will have thrown out much of the Soviet orthodoxy of centralised planning and opened the door for a brand of opened the door for a brand or entrepreneurship that may be unique in the socialist world. Indeed, it looks quite capitalist in business practice, if not

ownership.

In seven years, Mme Ba Thi, as she is called, built a sprawing socialist trading and manufacturing conglomerate with a turnover last year that reached 90bn dong—US\$1.13bn at official exchange rates, perhaps US\$250m to 300m at a more realistic rate. This amounts to 1 or 2 per cent of Vietnam's GNP.

in the severe tood snortages that struck Vietnam in the late that struck vietnam in the late 1970s at a time of repeated poor harvests. The hierarchical state system for procurement and distribution of food failed to deliver enough to feed the 4m residents of Ho Chi Minh City, the former South Vietnaments of the Chi Minh City, the former South Vietnaments of the China of the City, the former South Vietnamese capital of Salgon. At the same time surplus food was trickling in from hes villages, and this was hoarded and sold for a high price by merchants, many of them Chinese. for a high price by merchants, many of them Chinese.

many of them Chinese.

"The free market took advantage of loopholes in our system and raised prices," says Mrs Nguyen Tanh Khiet, deputy director of the company. "A rice fever was created and an artificial shortage emerged."

Mme B2 Thi, then deputy director of the city food department, went to the leaders of the City and with their blessing



Workers at Mrs Ba Thi's food supply and processing company in He Chi Minh City

cides, and consumer goods, and took a convoy of trucks out into the countryside to exchange these goods for rice. Back in the city, the rice was distributed through the network of women's associations. The state distribution network would not touch it because the rice cost about ten times more than the official

state price.
"If it weren't for her revolutionary credentials," says one official, "she'd have been tossed right into jail." Mme Ba Thi was born into a revolutionary family.

prices.

Indeed, the convoys of trucks were sometimes surrounded and held up by local army units and the party secretary of the city, many sometimes of the city, food the party secretary of the city, food the reliages and thereby improve the city's food supply.

The company, sometimes in co-operation with other firms, now manufactures vermicellision. (The mayor at that time, made from bean and rice flour, instant noodles, potato starch moodles, monosodium giutamate.)

and by dint of this she brought root starch, rice paper and the private food merchants into her orbit, gradually making them agents of the group. Finally, in 1983, the city told the central government in detail what it was doing and, with central government approval, what had been a sub-group of the city food department betonnes of poultry feed daily, in part to help spur a growing export industry of frozen poultry. The company has become the selling agent for agricultural machines from Yamaha of Japan.
Last year, the company reached an export volume of US\$20m, enabling it to cover its foreign exchange needs came a state-owned company. The staff of the city food department itself was slashed from 4,000 to 30, with Mme Ba Thi having her pick of the employees she wanted to retain and the rest returned to the

assignments.

Since then, the company has branched out into a dizzy array of business, all aimed in one way or another at improving the city's ability to provide agricultural inputs and consumer goods to the villages and the city.

In foreign exchange needs.

Perhaps the most interesting and controversial of its most recent ventures is the construction of an oil refinery with an annual capacity of 40,000 tonnes, almost precisely the agricultural inputs and consumption of sumer goods to the villages and the city.

When Ba Thi admits there

city government for other job

It has a new US\$40m rice polishing mill with imported Japanese equipment that can process 600 tonnes a day. It has begun to manufacture 50 tonnes of poultry feed daily, in

its foreign exchange needs. Perhaps the most interesting

the city.

Mme Ba Thi admits there were some bruising battles with

we were able to get approval for (the refinery). There were many arguments about the role of central planning.

The logic was simple. Vicinam has an energy shortage. The food company needs fuel stock for fertiliser production so that it has something to barter with the peasants for food. Mme Ba Thi has an unassailable record of success.

The company borrowed noney and used foreign money and used foreign exchange remittances from exchange remittances from overseas Vietnamese in West Germany. The equipment, too, came from Germany, and Vietnamese living there provided technical advice. The refinery, under construction now, will apply the conduct the send of begin operating by the end of

What's next? The food com-pany plans to expand its animal feed manufacturing to develop the meat export industry, including a new duckraising venture in the Mekong delta. Mme Ba Thi wants to produce more prepared foods for the domestic market to save labour and time in the home. She's also on the lookout for joint ventures with foreign companies aimed at importing technology.

Mme Ba Thi says the company is fully in the socialised state sector. She belives its operation sector. She belives its operation does not violate central planning, because the company makes plans and submits them to authorities for approval. Clearly, bowever the authority for planning has moved many notches down the heirachy.

"It doesn't mean that we oppose the higher levels," she says, "but we have to work in our own way and then try to convince them. New they are onvinced and then have not ore convinced and they have put our approach forward as a model."

She sees the principal achievement of the company as having ment of the company as having the control food prices in the city.

The company, sometimes in the central government over this one. Vietnam, after all, has now manufactures vermicelli and from bean and rice flour, instant noodles, potato starch manoic pellets and starch, sticky rice flour and noodles, maize to control food prices in the city.

The company, sometimes in the central government over this one. Vietnam, after all, has nonistry responsible for the central government over this one. Vietnam, after all, has nonistry responsible for an inistry responsible for the central government over this one. Vietnam, after all, has nonistry responsible for an inistry responsible for the central government over this one. Vietnam, after all, has nonistry responsible for intermediaries, and raised efficiency. Soviet-style planning, she says, is too rigid and prevents people from taking advantage of opportunities.

"Vietnam has been liberated for 12 years," she says, is too rigid and prevents people from taking advantage of opportunities.

"We should not tie our hands for too long," she says.

TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES (5), WATLING STREET, LONDON, EC4M SAA NOT LATER THAN 10.00 A.M. ON THURSDAY, 14TH MAY 1987, OR AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON WEDNESDAY, 13TH MAY 1987.

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THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are suborised to receive tenders for £1,000,000,000 of the above Loun; the balance of £100,000,000 has been reserved for the National Debt Commissioners for public funds under their management.

 If not previously indentied, the Loan will be regained at pur on 5th October 2006, but Her Majority's Treasure reserve to themselves the right to redeem the Loan, in whole or in part, by drawings or otherwise, at pur on or at any time after 5th October 2002, on giving not less than three months' notice in the Longlon Gazettie. there months notice in the London Carette.

4. The Loren will be unued in the form of stock which will be registered at the Bank of Sogland or at the Bank of reland, Belfast, and will be transferable, in multiples of one penns by extrament in writing in accordance with the Stock Transfer Act 1943. Stock registered at the Bank of England held by the occount of thembers of the Central Gilts Office Service will also be transferable, in multiples of one penns, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subscriptionals legislation. Transfers will be free of stainp duly.

On we after 4th September 1937 stock may be exchanged unto bonds to bearer which will be excluding in denominations of £100, £300, £300, £1,000, £5,000, £10,000 and £50,000. Bonds will

Sinck will be interchangeable with bonds without payment of any fee. 7. Interest will be passible half-yearly on 5th April and 5th October. The first interest payment will be made up 5th October 1957 as the rate of £. 16.24 per £100 of the Loan. Warrants for interest on stock will be transmitted by post, moothe tax will be deducted from payments of store than £5 per strough interest on bonds to bearer, less shown tax, will be paid by coupon.

5. Nock and bonds of the issue and the interest payable thereon will be exempt from all United hangdom tentions, present or fature, so long as it is shown that the stock or bonds are in the benefitial ownership of persons who are neither demicaled not ordinarily resident in the United hangdom of Cerait Britain and Northern Ireland. 6. Further, the interest reveals on stock or bonds of this issue will be exempt from United hypothem account tas, present or future, so long as it is shown that the stock or bonds are in the benefacial ownership of persons who are not ordinarily readent in the United Kingdom of Great Britain and borthern freland.

11. Applications for exemption from United Kingdom income tax should, in the case of interest on took, be made in such form as may be required by the Commissioners of Inland Favenne, Bener bread peoperns will be pend without defluction of United Kingdom secone tax if accompanied by a declaration of ownership to such form as may be required by the Coronisationers of foliated Revenue. The appropriate terms may be obtained from the imagestor of Foreign Dividends, Inland Revenue, Lynwood Fact. Thames Ditton, Sarrey, 8.77 (DP).

Recentry, hymorod Food, Flames Ditton, Sorres, N.T. ODP.

12. These exemptions will not entitle a person to claim repayment of tax deducted from informat indicate exemptions will not entitle a person to claim repayment of tax deducted from informat indicate exemptions and the claims under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be custode this time limit if it is made within six years from the date on which the reference pay added to a which the reference of the computation for taxinon purpose of the provision and provided to basiness, carried on in the Cauted Kingdom. Moreover, the allowance of the eventions is subject to the gravinous of any person admitted to the gravinous of any person admitted the interest from the United Kingdom of taxinous by persons along other resulting and in particular by persons along other resulting and come in a fact, under any such provision, it fails to be treated for the purpose of the linearity from the automatic and any person resident or orthography resident in the United Kingdom.

the United Anagom.

13. Tenders must be ledged at the Bank of Fagland, New Jesses (S), Waitling Street, Landon, ECAN 944 not later than 10.00 A.M., ON THURSDAY, 14TH MAY 1937, or at any of the Bank of Excised or at the Glasgow Agency of the Bank of Legiand as later than Amount of deposit enclosed, being £30.00 A.2 P.M. ON W. LINESDAY, 13TH MAY 1937, Tenders will not be reveable between 10.00 a.m. on Thursday, 14th May 1937 and 10.00 a.m. on Tursday, 13th May 1937. 14. Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £34. "S per cent, Tenders about be made at the minimum price or at higher prices which are multiples of \$9. Tenders lodged without a price being stated will be decined to have been made at the minimum price.

15. A separate cheque representing a deposit at the rate of £30,00 for every £100 of the NOMINAL amount of the Loan tendered for mast accompany each tender; cheques must be drawn us a bank to, and be payable in, the United Kingdom, the Channel Islands or the Isla of Man. 16. Tenders must be for a refnimum of £100 of the Loan and for multiples of the Loan as follo

£50,000 or greater

17. Her Maisers's Torstery reserve the right to reject any tender or part of any tender and may therefore allot to tenderers less than the full amount of the Loan. Tenders will be railed in characterized and inflatments will be made to tenderers whose tenders are at or above the loanst price at which hier Majash's Treasury decide that any tender about the accepted (the allotment price, which will be not less than the minimum tender price. All allotments will be made at the allotment price with be affected in full; tenders made at the allotment price will be affected in full; tenders made at the allotment price will be affected in full; tenders made at the allotment price and be above the allotment price to the Governor and Company of the Bank of England, issue Department.

\*\*PLEASE USE BLOCK LETTERS\*\*

\*\*PORNAMERS\*\*

\*\*

price to the Governor and Company of the Bank of England, usual negativeness.

18. Letters of allecteness in respect of the amount of the Loan Blotted, being the only form in which the Loan tesher than amounts held in the Central Guits Office Service for the account of members may be transferred prior to registration, will be despatched by post at the risk of the tenderer, but the despatch of any letter of allectment, and now refused of the ballance of the amounts paid as deposit, may at the discretion of the Bank of England be withheld upin the henderer's acceptance of the better position, in the event of such withholding, the graderer will be boulded by letter by

the tenever to manier the amount of the Londo alterance [10]. No alletment will be made for a less amount than 1 [10] of the Lond. In the event of partial alletment, the balance of the amount paid as deposit will, when refunded, be remained by cheque despectived by post at the fish of the traderer, if no alletment is made the amount paid as deposit will be returned thewise. Tayment in full may be made at any time after allowment but no discount will be allowed on such payment. Interest may be charged on a day-to-day basis on any overful amount which may be accepted at a rate equal to the London Interest has Offered Rule for severe day deposits in stretcar, "LIBOR" jobs 1 per cent per annum. Such nate will be determined by the librak of England by reference to market quotations, on the due date for the felevant payment, for

no 5th October 1987 on holdings of "A" stock.

A. The last day for lodgement at the Bank of England of transfers for registration will be 1st September 1987. After this date, for purposes of certification, the "A" stocking guarded from the existing 8 per cent Treasury Loan, 2002–2006. From the opening 4th September 1987, the "A" stock will be amalgamated with the existing stock.

5. Tender forms and copies of this prospectus may be obtained at the Bank of E.

6. Tender forms and copies of this prospectus may be obtained at the Bank of the B

THIS FORM MAY BE USED TENDER FORM

This form must be lodged at the Bank of England, New Issues (S), Watting Street, London, EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 14TH MAY 1987, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England not later than 3.30 P.M. ON WEDNESDAY, 13TH MAY 1987.

ISSUE OF £1,100,000,000 8 per cent Treasury Loan, 2002-2006 MINIMUM TENDER PRICE £94.75 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND 1/We tender in accordance with the terms of the prospectus dated 8th May 1987 as follows:— Amount of the abo of £100 and in a m

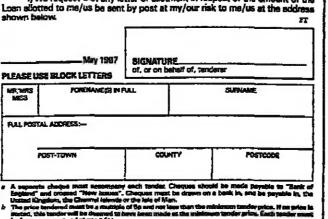
2. AMOUNT OF DEPOSIT (a)

3. TENDER PRICE (A)

m tender price of £94.75:-

provided by the said prospectus.

I/We request that any letter of allotment in respect of the amount of the



# S Korean Opposition leader may be prosecuted

BY MAGGIE FORD IN SECUL

THE SOUTH KOREAN Games to be held next year rising in South Korea over the secuting Mr Kim Young Sam, leader of the country's largest opposition party, for contempt of the state.

The move follows a speech made by Mr Kim at the inaugural meeting of the new party he founded with Mr Kim Dae Jung last month.

In the speech, Mr Kim com-

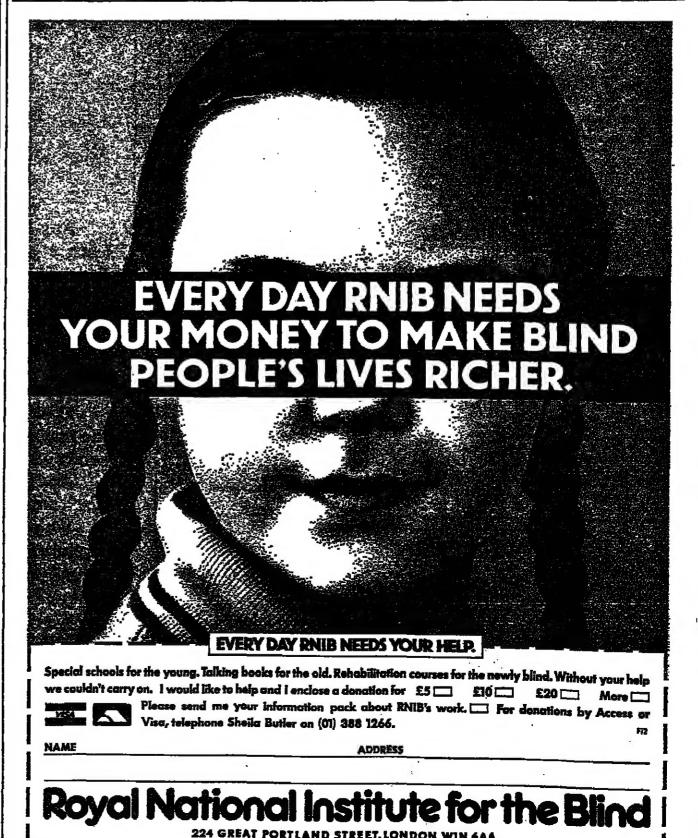
weekend's anniversary of the 1980 uprising against the Chun Government in Kwangju, a provincial southern city, is likely to provide a focus for further demonstrations.

of free elections.

More than 1,000 professors likely to issue a summons to Mr have signed statements objecting to the decision and 500 of the National Assembly ends on Wednesday, if it decides to

APPING REPO

hessure of



#### **OVERSEAS NEWS**

# Toshiba agrees \$240m venture with Motorola

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

TOSHIBA of Japan and Motorola of the US, two of the world's leading semiconductor groups, are planning to inject about \$120m (£72.7m) each into a manufacturing joint venture in northern Japan.

The companies are expected to sign agreement on the venture, one of the most far-reaching co-operative deals launched in the industry, at a meeting in Tokyo today.

They will also decide on the

composition of the board, which will include six directors from each company, and are likely to chose a chief execu-tive, from Toshiba. Most of the managers in the plant will be Japanese.

Negotiations on the structure of the new company have been under way for more than four months, with both sides taking according to participants.

What has emerged is a A further element of the deal dramatic example of the new is a commitment by Toshiba to fashion for joint ventures in support the sale of Motorola the electronics industry—an products in Japan. This agree-

BY KAREN POSSLI IN OSLO

selling arms illicitly to Iran and the Soviet Union faces a crucial

decision on its future today. High-level meetings were

In early April, when KV re-ported losses for 1986 of

NKr 339m (£30m) it planned to

build its recovery around its defence systems division.

defence systems division. It now seems that it could be between NKr 500m and NKr 600m cheaper to form a new company, to be called Kongsberg Defence A/S, at a cost of about NKr 750m, and put the existing group into bankruptcy.

SHIPPING REPORT

rates was expected as chart-erers came under some pres-

Galbraith's, the London brokers, reported a steady stream of inquiries for large tankers from the Middle East, suggesting that charterers realise that Opec has virtually won the crude oil price war, and little is now to be gained from resisting their price demands.

The tanker market, however, is very evenly balanced between

availability and demand, so it

Some VLCC owners are said

35 very soon. Meanwhile, in-terest in 130,000 ton tankers

was maintained last week. West Africa was less active and rates

Dry cargo rates look like being on a rising level into the

tended to soften slightly.

does not take much to tip the

scales either way.

BY HAZEL DUFFY

held at the weekend to consider Turkey.

and Izumi City, about 220 miles of the north of Tokyo, ductor Toshiba will supply its inject memory chips, where it has a into established a world lead in the manufacturing of the most powerful one-megabit products, while Motorola will hand over the microprocessor designs a its microprocessor designs, a field in which it is rated among the top three companies in the world. Microprocessors chips which are used to form the "brains" of computers, are the main strength of the US

industry.
In addition, each company will have access to some techno-logies of the other. Toshiba will transfer its process techniques in memory chips, where it has established a strong reputation for its productivity and high yields, while Motorola will allow the Japanese group to buy certain microprocessor compo-

agreement which brings together two groups which have
a commanding position in their
chosen fields.

As part of the accord, each
someonductor dumping in the
company will inject some of its

US and the complaints of US

OUS and the complaints of US

OUS and the complaints of US key technologies into the manu-companies over their lack of facturing venture based at access to Japan.

components supplied by

It is alleged that about 300

weapons were sent to Iran via

Last week Norway sent a delegation of government offi-

over separate allegations that KV supplied numerical control

systems to the Soviet Union for use in submarines. Results of the US-led investi-gations could exclude KV from

a large contract to supply the
US with components for its
Penguine defence missiles.
Kongsberg Trade, another
subsidiary of KV, dissolved last

laneous orders where charterers

had been waiting for rates to

take their normal downward

A surge in values and volume

took the Baltic International Futures Exchange to its highest

point since its debut two years ago. Last Friday, the index stood at 1,065.5 and trading volume rose to 1,121 lots. The strong upward movement was the outcome of demand on the

main routes, which have the heaviest weighting in the index.

Beirut airport opens

98-day shut-down, Reuter re-

MEA, Lebanon's national arrier, haked flights when

insurers withdrew passenger cover and the Christian Leba-

ports from Beirut.

CRITICI.

cials to Washington to sm

Arms probe company

KONGSBERG Vaspenfabrikk firearms to Iran, from a com-

The other option would be to week, was largely responsible secure a fresh capital injection for the arms links. The KV from the Norweglin Govern subsidiary was headed by Mr. ment of NKr 1.5bn to Bernard Green, a Briton, who NKr 1.5bn, an amount the is accused of giving inaccurate Government is thought unlikely information to US and Norweglen investigators.

This comes at a time when KV is under investigation in Norway, West Germany and the "In this case there is no question of tion of spying or motives

STRONGLY RISING freight rising on forward positions as rates were evident in certain well.

rates were evident in terms of the state of

COURSE.

Pressure grows for rise

in tanker freight rates

faces fresh crisis

# Japanese telecoms proposal

By lan Rodger in Tokyo JAPAN'S monopoly telecommunications carrier, Kokusai Denshin Denwa (KDD), has proposed that pro-spective competitors join it in a project to lay a new trans-Pacific cable.

This latest twist in the cam-paign in which Cable and Wire-less of the UK is seeking to obtain a stake in Japan's inter-national telecommunications business seems likely to compli

cate negotiations among the interested parties.

KDD and American Telephone and Telegraph (AT&T) announced 10 days ago that it had begun a feasibility study for their fourth trans-Pacific cable, TPC-4.
This followed the announce

ment by the Japanese Minister of Posts and Telecommunications, Mr. Shungiro Karasawa, that he no longer opposed the proposal by the International Digital Communications (IDC) consortium, in which C and W has a leading role, to invest in independent trans-Pacific IDC is one of two consortis

seeking a licence to compete against KDD in Japan's international telecoms market. The other consortium. International Telecoms Japan (ITJ), does not want to invest in new trans-Pacific cable capacity.

If it won a licence, it would sublet capacity.

Kenneth Gooding on the launch of GM's top-range model

# Senator sales drive aimed at VIPs

GENERAL MOTORS, the world's largest automotive group, is to present its new, image-building, top-of-the-range model for Europe, the Senator, to selected groups of VIPs and opinion formers and to government departments before the

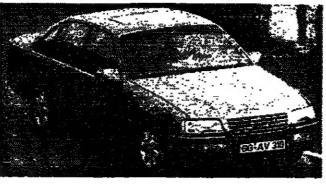
official launch in the autumn.

GM today gives first details of
the low-volume model which
was developed as part of the
group's DM 2bn "big car" project. The other model to emerge from this project was the Opel Omega/Vauxhall Carlton executive car, launched last autumn.
Whereas GM expects the
Omega/Cariton to sell at the
annual rate of 175,000 this year, the sales target for the new Senator is about 20,000 in 1988. In its best year, 1979, the old Senator and its sporty deriva-tive, the Monza, sold 26,000 across Europe. However, since then competition in the largecar sector has intensified, par-ticularly in West Germany, the Senator's best market.

The newcomer competes with the new Mercedes mid-sized models, the Audi 100, the BMW 5-series (to be replaced by a radically different model next year), the Ford Scorpio/ Granada and in some markets the Volvo 780-series.

the Volvo 780-series.

Mr John Fleming, GM of Europe's vice-president in charge of sales, says that about half the new Senator's sales will be in West Germany, Western Europe's largest big-



The Senator, which is to be launched in the autumn

there last year. Cariton when you see it on the The UK will be the next most road", he says. important market and registra-tions there should be between 4,000 and 5,000 a year.

The Senator will be built alongside the Omega/Carlton at the Russelheim factory of GM's

Opel subsidiary in West

It shares some key components with the Carlton, in par-ticular GM's new ACT (advanced chassis technology) suspension system, but Mr Flem-ing says the two models are very different — much more than the old Senator was from the previous Rekord/Carlton executive car.

"The new Senator has more personality than the old one and there is no chance of con-

45 per cent of the 650,000 sold fusing it with the Omega/

Mr Fleming believes it is important that potential buyers should test-drive the new car. For that reason demonstration models are to be taken to be tested by the specially-selected VIP groups, mainly in Germany but also in other European coun-

GM's promotion will emphasise the high-tech aspects of the new Senator, including the fact that it is one of the most aerodynamic cars in production with a new shape which incor-porates many advanced features. These include flush glass all round, an integrated and sealed front-end bumper and spoiler moulding, and a special rear-end

There are three models in the new Senator range: a 2.5 litre saloon, a 3-litre saloon and a top-of-the-line 3-litre CD: The engines are specially-developed versions of GM's in-line, six-

cylinder units. The 2.5 litre develops 145hp and gives a top speed of 130 mph, according to GM, while the 3-litre unit produces 177hp and a top speed of 187 mph.

The 3-litre cars are fitted with new four-speed automatic transmissions with an electronic

engine-transmission manage-ment system with three pro-grammes: for economy, for power or for winter conditions.

GM claims the economy programme produces better fuel consumption than is possible vith a 5-speed manual trans-

The CD Senator has an elec tronic ride control system which allows the driver to select three different shock absorber settings, controlled by an on board computer. This system is available as an extra-cost option on the other two models.

The new Senator is about the same overall size as the old model, but GM says it provides much more interior space and has a bigger boot.

Mr Fleming says that prices, when the cars go o nthe road in the autumn, will be 12 to 15 per cent higher than for the current equivalent Senator design which reduces the accu-

# Snooker thrives in Belgium

By Our Brussels Staff

RILEY LEISURE of the UK has opened its second snooker club in Belgium, where the sport is thriving as a result of television broadcasts of British

matches. Riley, which makes tables and other equipment, now has a club in Brussels as well as one in Liege and hopes to expand elsewhere on the Con-

Mr Alan Deal, the Riley chairman, said the screening of British snooker matches in the Netherlands and parts of West Germany opened up new possi-

In the immediate future, however, Riley expects Belgium to be its most exciting overseas market and claims to be on target for a £2m turnover here this year and up to five more club openings (a typical club investment, he says, might amount to £100,000 to £150,000). Belgium was fertile territory for snooker, given the long-standing popularity in clubs and cases of billiards. Raymond Ceulemans of Belgium has been world champion for 20 years but without the benefit of constant exposure on the small screen he sadly lacks the star status of a

Steve Davis,
One club manager in Brussels says 80 per cent of those who attend for the first time have seen the game on BBC television.

# FOCUS ON INTERNATIONALISATION OF JAPANESE MANAGEMENT

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expanding in tandem with Japan's capital markets, New Japan Securities is one of the largest securities houses in Japan today, and it is rapidly expanding internationally.

With a 40 per cent lift in pre-tax profits to around ¥60 billion anticipated this year, New Japan Securities is firmly entrenched as Japan's largest securities company after the big 4. Ranked by market value its capitalisation of approx. YI trillion is now larger than that of its long time US rivals, attesting to its

A growing international and domestic network leaves the company well placed to pursue further growth opportunities. It has established a growing presence in the Euromarket, for example, where it lead managed 6 issues in 1986.

New Japan Securities Co. President, Noboru Irie discussed the company's

Dv Brian Robins



Mr. Noborn Irie, President, New Japan Securities Co., Ltd.

# Outpacing Foreign Rivals

Strong Tokyo market to continue

future prospects.

Robins: Given the company's reliance on commission income, what is your view of the outlook for

Irie: Stock prices have risen to very high levels and, while there is concern about a sudden drop in the market, my view is that the basic uptrend will continue unchanged for some time. The first reason for this is that the present situation in Japan of sizeable surplus funds will not change

in the immediate future. In the private sector, in particular, there is an over-supply of capital. As a result, for financial institutions, it is difficult to supply capital in the form of loans. In addition, the corporate sector is having a difficult time trying to manage its capital—the bond rate is falling, along with interest rates generally, so capital will continue accumulating in the stockmarket. Of course, capital will also flow into the bond market, but mainly the stockmarket, where good capital gains have been achieved and will continue to

For individual investors, interest rates on savings have fallen and the rate of interest on fixed term savings is not so high, so they too are coming to the stockmarket, as their tendency to save money continues strong.

At the beginning of this year, Nippon Telephone and Telegraph was listed, and it has done quite well. New individual investors were attracted by this listing and it has served to make the market more attractive overall to small investors. We saw a similar trend occur in

the UK where privatisation also led to an increase in the number of small stockholders. This is part of what I call the overall 'securitisation' of the market. In the area of investment trusts there have been a number of significant developments with modern portfolio theory and also computer funds management programs. In addition, futures trading will commence, along with stock options. These may be complemented by the start of a commercial paper market in Japan, which is presently under study.

These new types of instruments are amplifying the trend towards the overall rise in the market, particularly since they revolve around innovation and new products. The market won't rise in a straight line-there will be some minor corrections, but in terms of percentage movements of the overall market, the corrections will be cruite modest.

Rapidly expanding domestic network

Robins: How well placed is New Japan Securities to cope with the entual slowdown of activity in equity markets? Irie: As part of our response to

this, we are strenghening our retail network in Japan. At present we have 90 branches, and we will be expanding that to 100 branches. Our traditional strength has been with corporate clients, but enlarging

our branch network will leave us better placed for the future. Overseas we now have 12 branches, and we intend a further

sizeable increase. Along with this, we hope to expand our number of representatives overseas by adopting a more qualitative approach, not purely a quantitative one to our international representation. Already we have a eable operation in London, with 100 employees, but we have lagged slightly in our expansion in New York. We are remedying this, and we are sharply expanding our office space and boosting our staffing levels to handle a much larger volume of business there. As part of this, we are also further developing our computer network, which will be completed later this year. Also, we intend to strengthen our already strong capital base. At present our capital to equity ratio is over 30 per cent, but we would like to further improve that by using various self-financing techniques.

Clearly there will be ongoing internationalisation of world capital markets so that, instead of speaking of globalisation, the world will become one big market and we are well placed to take full advantage

and issuers tend to hesitate. But in the Euro-yen market procedures are much simpler for issuers and there is Irie: We have established a also good demand from Japanese investors buying Euro-yen bonds as there is no currency risk. As a result, we expect that this market will continue to remain active. In 1986, we

were lead manager of six Euromarket issues. Also, we became a member of the IPMA (International Primary Market Association) following our successes. We are the first Japanese house after the big four to join the IPMA, and it has also helped us with our domestic underwriting as well. Of the six issues we lead manag-

ed, three were companies with which we have been associated since they first went public-Matsuya Denki (an electrical retailer) Yaoban (a supermarket chain) and Noriz (which manufactures water heaters). In all cases, we have been closely associated with the company since the original listing. Of the other issues we handled, two were by leading Japanese trading companies, Marubeni and C. Itoh. We gained the lead manager status be-cause of our long standing and close links with both companies.

The other issue was for Postipankki (Finland). Here, we secured the lead management position because of our cooperation with the Industrial Bank of Japan, which is our main bank. To date, we have been closely linked with growing domestic companies with solid foundations, and from now on we want to be more active in offshore financing for these companies. With most of these companies, we have been active for over 10 years, much more so than for any of the big four Japanese securities

Futures markets to provide new growth Robins: With the progressive

blishment of new financial mar-

kets and products in Japan, how well placed is New Japan Securities to

futures section in the stock department of our Osaka branch. As part of our overall preparations for an expansion of our activities in new financial markets, we have appointed directors with specific responsibility for options and futures markets. Our clients, especially corporate clients, are very keen to begin futures trading as early as possible because of the hedging function that it provides, in the light of the high level of overseas investment new underway. We are aiming to respond to our clients needs as appropriately as possible. We have already applied for membership of LIFFE in London and we intend applying to join the Chicago Board of Trade, which will give us greater exposure to the main futures markets

#### Steady deregulation preferred

Robins: Do Japan's equity markets need to undergo a Big Bang' style of liberalisation, similar to that which occurred in London last year? Irie: In terms of the liberalisation

of commission rates, the Japanese market is completely different to the UK. In Japan we tend to concentrate on formal market trading; the market is not an over-the counter market. I don't think we will see a liberalisation like the 'Big Bang' in the UK. But for institutional investors, because the main capital markets are becoming one, and information is becoming more readily available, I don't think that liberalisation can be avoided in the long run.

Actually, there has been a decrease in commission rates here in Japan. For institutional investors, the decrease has been large, even though the overall reduction in commission rates was of the order of 15 per cent. Although liberalisation will not occur overnight, in reality, we are moving towards deregulation. This month (May), for example, the Tokyo Stock Exchange is sending a mission to London to study what the effect of the 'Big Bang' has been, and we will study the appropriate measures to employ, from now on.

> Planning for further growth

Robins: Following the rapid growth New Japan Securities has enjoyed over the past two decades, how do you intend maintaining your position over the next two decades?

Irie: We now have \$10 trillion of clients' funds under management, and we are seeking in the short term to boost that to \$15 trillion. As I said earlier, we are strengthening our domestic base which should also aid us in further expanding our international business. From the Euromarket issues we handled last year, we have had a satisfactory spin-off in the new domestic underwriting business. In addition we are actively boosting our capabilities in trading overseas stocks. We have a great deal of experience with offshore funds, mutual funds, and the like, but while we have been selling Japanese stocks to foreign investors we are now seeking to build our trading in foreign securities on behalf of our domestic clients.

Along with these moves, an important factor will be the development of human resources. In addition, we will strengthen our new product development capabilities, and as part of this will establish risk management controls. I think these are the three main points. In the future, the success of a securities company will be determined by new product development, and we are progressively increasing our ability to introduce new products

## **World Economic Indicators**

summer. The Atlantic was parness militia warned the zirline ticularly strong with rates not to use the airport runwayss.

Some VLCC owners are said still to be holding off in the hope of seeing rates from greeted a Middle East Airlines Hormuz to the US for 245,000 (MEA) Boeing 727 when it ton tankers reach Worldscale landed yesterday to officially 35 very soon. Meanwhile, in reopen Beirut airport after a

	TRAD	E STATE	STICS		
••		March '87	Feb '87	Jan '87	March '86
UK Ebn	Exports	6.397	6.933	6.204	5,765
DAC MAIL	Imports	6.822	7.157	6.731	6.736
	Balance	-9.425	-0.224	-0.527	-0.971
•		Feb 87	Jan '87	Dec '86	Feb '86
US Sbn	Exports	18.660	16.421	18.523	17.401
	Imperis	. 33,725	28.692	21.255	28.769
•	Ralance	-15.065	-12.271	-12,732	-11.368
rance Fran	Exports	73.80	67.73	71.39	73.79
	Imports	74.30	70.18	69.12	73.40
:	Ralance	- 0.50	- 2.45	+ 2.27	+ 0.39
V. Germany DMbn	Exports	43.65	40.77	43.42	44.54
	Imports	32.45	31.90	33.07	36.62
	Balance	+11.20	+ 8.87	+10.35	+ 7.92
apan \$bn	Exports	17.22	. 14.90	19.66	17.64
	Imports	10.09	10.60	10.94	10.97
40	Balance	+ 7.13	+ 4.30	+ 8.72	+ 6.67

#### Euromarket successes

Robius: New Japan Securities has become far more active in the euromarkets over the past few years. Do you think that the European market will remain as active as it has

been in the future? Irie: My impression is that the issuance of Euro-yen bonds will continue actively. The reason for this is that in the domestic yen bond market issuance procedures are complicated Brokers, Dealers, Underwriters & Distributors (in Japan)

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# Rolls allocation cuts profit-taking scope

SCOPE for profit-taking on the £1.38bn offer for sale of Rolls-Royce, the state-owned aero-engine maker, has been severely curtailed after the Government's decision to spread the shares among nearly all the 2m people who applied.

Smaller applicants will receive only 150 shares each, so if expectations of a 30p initial premium are fulfilled, people who sell will expect

to make a profit of £45. That figure will be almost halved by dealing expenses and other costs. There are no special dealing

This is likely to reduce the supply of stock when dealings begin a the after-market to achieve the reweek tomorrow, because many ap-plicants will prefer to hold on to their shares rather than sell for negligible profits.

Further upward pressure on the price is likely to come from the other main feature of the allocation -the elimination of applications for more than 100,000 shares. This efvestors from the public offering.

The portion of the issue which

quired size of holding.

the Government's determination to the response.

cases have to pay a minimum commission of £20.

This is likely to reduce the supply from 60 per cent to 50 per cent, so these investors will have to buy in who went for TSB last September. Gas last November. But the Rolls-The severity of the scaling down is a product of the heavy over-sub-scription of the offer combined with ernment was clearly surprised by

avoid a politically unpopular ballot.

The public offering was 9.4 times subscribed, with 2.025m people applying for a total of 3.1bn shares.

The number of applicants approached the 2.3m for British Telecom in November 1984 and was well in excess of the 1 lm for the British.

There have also been widespread.

criticisms that application forms for the issue were poorly distributed,

# News on Sunday plans financial rescue talks

the new left-of-centre newspaper which has run into severe financial problems less than three weeks af-

Mr Oyston, the largest of the pa-per's individual shareholders, will hold talks today with his financial advisers and Mr Nicholas Horsley, chairman of News on Sunday, on a

MR OWEN OYSTON, a multi-milli-onaire businessman, is likely to is only enough money for two more over that he will increase his in-take control of News on Sunday, issues. If £3m is not raised urgently the new lotted and a sunday, issues. If £3m is not raised urgently and a sunday of the new lotted and a sunday. for a relaunch, News on Sunday added. added. of 100 estate agencies in north-west coming general election campaign.

person who can save us." Mr Horsley said yesterday. The News on
Sunday chairman said he would
support Mr Oyston taking control of
the paper at the only men to ensure

England to Royal Assurance for an "Owen Oyston is the only serious estimated £30m. He says he is pre-

the paper as the only way to ensure the paper as the paper in terms of a new business plan and relative than the order to be the paper in terms of a new business plan and relative the paper in terms of a new business

# Iftraining has made your company more competitive, let's see you compet

Last month, the Manpower Services Commission announced the launch of the National Training Awards.

The scheme is designed to focus attention on an area where investment and effort has gone unrewarded for too long.

The Awards themselves will be presented in November with extensive media support.

For the winners, they will provide some richly deserved publicity and prestige.

For industry in general, it's hoped that the Awards will encourage. others to begin or expand their own training programmes.

The National Training Awards are open to any organisation in Great Britain, regardless of size, able to show that its training, of whatever sort, has helped it run more smoothly.

Already the Awards have the backing of the CBI, the TUC and Channel 4's 'Business Programme'. Now all they need is yours.

The closing date for entries is June 12th. For details, fill in the coupon or phone 0800 100 100 free, and ask for National Training Awards.

FREEPOST, NATIONAL TRAINING AWARDS, SHEFFIELD S3 7ZZ.

Mr/Mrs/Miss/Ms Title/Position: Name of Organisation: Address: Postcode: Tel:

# **GEC** and Plessey face £80m shortfall over delays at BT

GENERAL ELECTRIC Company changes, putting off virtually one and Plessey, the two main suppliers whole tranche of orders in the current public telephone exchanges in the UK, face a shortfall of up to 280m in sales to British Telecom dures, BT aims to put out four september of company of the company of the

The cuts of up to 25 per cent in and worth about £80m. deliveries follows a period in which both GEC and Plessey have overcome production difficulties with the new digital System X exchanges that they are now supplying to BT.

acceleration in deliveries of System X has caused part of the hiccup in the present installation programme, because the company is baving to cope with a backles of a specific cations for its determination to improve its network by interest. having to cope with a backlog of exhanges to connect to the network.
In addition, the last tranche of or-

changes to connect to the network.

In addition, the last tranche of orders for public exchanges was held up for about three months because the contract involved particularly.

It is not yet clear what the impact of the shortfall on every supplier will be, or to what extent Thorn Ericsson – which had about 15 per

placed at the end of last year, but was eventually awarded in March. Some City of London analysts, however, believe they may have to Because of these delays BT has reduce their profits forecasts for failen badly behind in its schedule the two main supplier companies in for taking delivery of new ex-

(BT) over the next year because of delays in its installation pro-delays in its installation pro-gramme.

Ericsson of Sweden.

prove its network by introdu modern exchanges.

might be affected.

# Drug research bill to top £500m this year

Britain's industrial output.

In evidence to the House of Lords Science and Technology Commitbee, the Association of the British Pharmaceutical Industry says the industry is ahead of any other in its research spending.

The £500m figure amounts to around 15 per cent of its UK-based sales, including exports. This is claimed to beat other research-intensive industries such as aerospace, where R&D spending is put at about 12 per cent of sales.

The association remains unhappy about the return on this outlay. Its evidence dwells on a recurrent theme for the industry, the length of time for which expensively developed drugs are protected by patent. lobby parliament for extension of Although most patented products patent protection, it is also press in other industries enjoy a full 20 for faster approval of new drugs, years of protection, the association The Department of Health recently

BRITAIN'S DRUG industry intends the regulatory processes to the mar-to-spend more than £500m this year ket. In 1986, the average time taken on research and development between UK patent filing and the (R&D). This would be 11 per cent of marketing of medicines was 12 the national total for industrial years. "In the future the effective R&D, although the industry ac-pharmaceutical patent term is pro-counts for less than 2 per cent of jected to fall even further," the as-

sociation says.

"Medicines entering the Japanese and American markets in the 1990s will have more than twice the period of protection available to pharmaceutical innovations on the British home market. This could crucially dundermine pharmaceutical R&D in this country by the year

The association is also unhappy about the level of fundamental research spending in the UK. "If the British academic biological and chemical research and higher education communities were to be 'deskilled, then the long-term outlook for science-based industry in the

UK would be bleak. While the industry continues to says, the average time allowed for a appointed Mr Peter Cunliffe, who new drug is only eight years, and retired in March as head of the pharmaceuticals division at ICI, to This is caused by the increasing lead an inquiry into the working of time required to get drugs through the medicines licensing authority.

# Pru handles £7bn in pension funds

BY ERIC SHORT

agers (PPM), the investment man-agement arm of the Prudential Corporation and Britain's largest life assurance and financial services group, has become one of the larg. sion fund management, which are sion fund portfolios are handled on

It was aiready the largest fund manager in the UK through investing the various funds of its parent

Mr Mick Newmarch, chief execu-

PRUDENTIAL PORTFOLIO Man- out of the £21bn of funds under

The greatest growth sector has been in the field of segregated pen-sion fund management, where penan individual basis.

Until recently, this pension ined by the merchant banking Mr Mick Newmarch, chief execu-tive, told the company's investment, since PPM decided to be a major seminar last week that PPM now player in the field, funds under handled £7hn of pensions money management have risen to £4hn

7.

# iest to Philly. buster

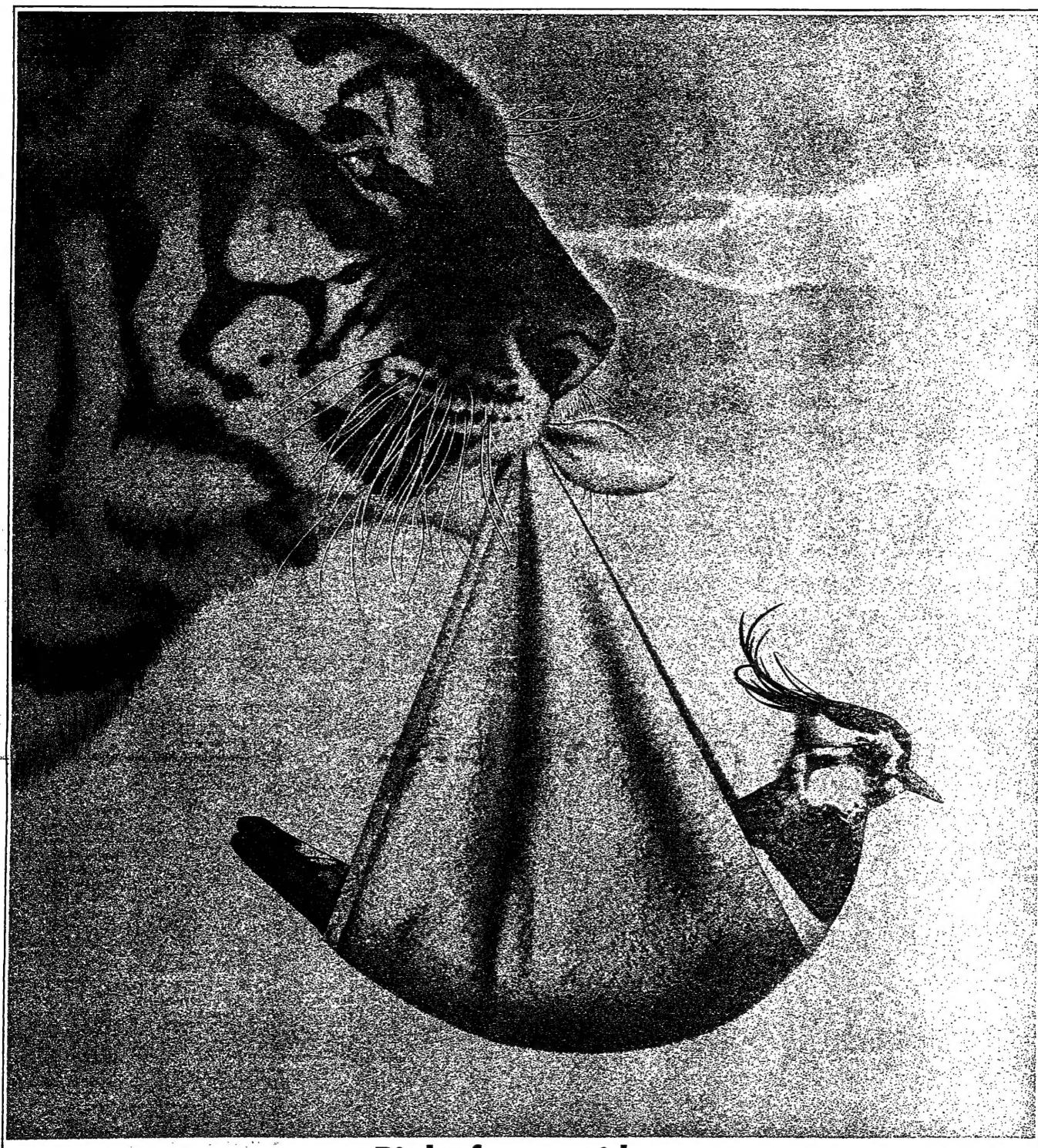
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Financial Times Monday May 11 1987



# Birth of a great idea.

In the last 300 years, around 300 species of birds have vanished from the world.

Many are still threatened today, and in Britain these include the snipe, corncrake,
and barn owl. Even the lapwing is less common.

Palls 11 Silver 12 Silver

essey Fortfal

his yea

Any ideas to help reverse the situation must be welcome, and this European Year of the Environment sees the birth of a new scheme to recognise outstanding achievements in the field of wild bird and countryside conservation.

Sponsored by Esso, it is called the RSPB Birds and Countryside Awards.

To encourage as many people as possible to get involved, there are four different award categories; individual, industry, media and European.

In addition we will be giving our own Esso award.

As a result, a wide variety of subjects will come under the spotlight, from habitat creation and improvement to the fight against pollution, protection of rare species, showing people wildlife and contributions through journalism.

The 1987 awards will be given at a special lunch in London in July, and nominations are now being judged.

For more information about the scheme, we invite you to write to RSPB, The Lodge, Sandy, Bedfordshire SG19 2BR.

You could, after all, be carried away with ideas.

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# UK NEWS

# Politicians look to the tea leaves

art like any other, not to difficult to arn provided certain rules are kept. Last Thursday's local elec-tions do not predict the outcome of a June general election, but they give us the odds at the starting Last Thursday's local elec-

tled to vote and more than half of them did so, rather more than usual. There were more than 12,000 seats at stake, with only Scotland and Greater London excluded, ex-

cept for some by-elections.

Though we can all have fun arguing over decimal points, the general message is pretty clear. However local elections are a kind of opinion poll. The overall fluctuations of

seats won, the broad sweep of gains and losses from one year to the next, correspond well to what the opinion polls tell us and what we sense of the public mood.

One group of boroughs, admittedly not a representative sample, that you in three years out of four, are those in three years out of four, are those in the former Metropolitan counties. The annual variation in

According to Marplan's April opinion poll, there has been a swing of 3 per cent to Lebour in Scotland and of 1 per cent to the Tories in Greater London, although local by-elections, including several on May 7 paint a somewhat bleaker picture

tend to underpoll at local elections, at least when they are in govern-ment, to the benefit of Labour and the Alliance, as evidence from both 1963 and last week shows. But that factor, too, is quantifiable and can be built into our odds.

Given that, what are the answers that 15m people gave on Thursday? That the Tories did well, though not badly and that the Alliance did creditably, but no more than that. The first rule to observe is to

mpare like with like, that is the local elections of May 7 1987 with those of May 5 1983, when the same seats were contested. There is a four-year term of office for local

To compare last Thursday's local elections with the 1983 general elec-tion is interesting but misleading, not only because some people vote differently in local and general elecPeter Pulzer analyses last week's local election results as parties prepare for a national poll

cially during an election campaign, rose in six and fell in 24.

is a very long time in politics.
When Labour's spokesman, Dr cent swing in Labour's target seats of these 30 seats Labour has done

Compared with May 1983 the conservatives had a net gain of 78 seats. Against that, one has to consider that they lost about 100 of the 1983 wins in by-elections and so started from a slightly lower whose supporters are more likely to be Conservatives than not, suffered

tions, but because one month, espe-

in part, the losses are explained by the Alliance improvement But more ominous is the fact that in 19 worse in relation to the Tories than in May 1983. The only regional variation of note is the Labour disaster in the Midlands, of England.

Elsewhere, whether north or south, good and bad performances cancel each other out. For the Alliance the news is both good and bad. Its performance is at least 5 per gain of 388 seats, on top of about day. Like must again be compared 120 by-election gains. But it appears with like. There is no "tactical" rea-

tan areas a large minority of its gains also came from Labour. The mage of the Alliance as a refuge for mid-term Tory malcontents is in need of revision.

While the global shifts of opinion are good guide to the state of national and even regional opinion, it is much more risky to project the outcome in individual constituencies from ward aggregates. At that level local factors, including the personalities of the candidates, cannot be ignored. For instance, on the basis of precedent the Alliance is much more likely to hold Leeds West and Plymouth Devonport than to gain Liverpool Gerston or East-leigh.

Hence also the widely made, but mistaken, assertion that there were no signs of tactical voting on Thursfor the moment to be stranded on a son why a Labour supporter should tives enter the general election plateau. Its great local government not vote Labour in a winnable ward,

## 6The swingometer is, for the moment, out of commission?

have been almost no by-election gains to raise the threshold. In the and Dr Michael Thrasher of Plym-

40.5 34.5 22.0

the equivalent position in 1963.

Since they can afford to lose about 5 per cent of their 1963 share, at least if the Opposition parties continue to share the remainder fairly evenly, that is not a bad starting position.

Labour did distinctly worse. Its net losses were 220 seats and there have been almost no by-election in 1963.

Since then it has held the share of the vote gained then, but not improved on it. What has changed is that its efforts more effectively, so that it no losses were 220 seats and there have been almost no by-election as it used to

as it used to. What is interesting is the source Conservative-held marginal of its gains, Of its 35 net gains in a sanalysed by Dr Colin Rallings the metropolitan boroughs, 19 came from Labour and 16 from the Con-

586 218

is a Tory-Alliance marginal.

What happens to his vote in June

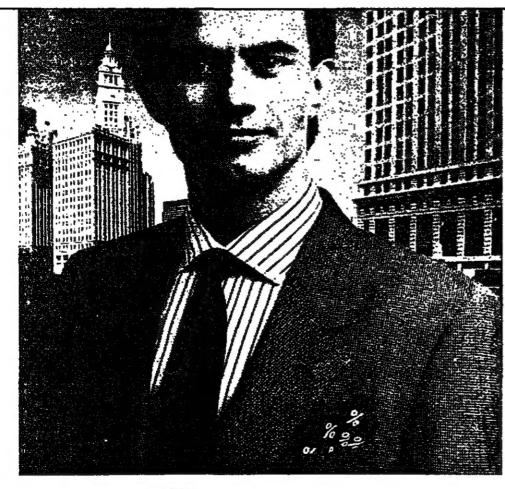
or to that of third-place Tory or
Alliance contenders — remains an unknown and potentially crucial Three conclusions stand out from

Thursday's voting. The first is that the party battle remains, as it has been for the past five years, threecornered. The second is that the Labour Party's electoral handicaps have not gone away. The third is that the Alliance remains this side of a breakthrough.

That does not make prediction any easier. More than at any election there will be 650 individual batties, as well as a national one, as the three parties - and four in Scotland and Wales - try to take advan-

tage of an electoral system best suited to straight fights. The rival claims that the parties will make, acknowledge the new rules of the game, however much some of the players may dislike them. Large shifts and surprises are much more likely at the constituency level than at the national. The swingometer is, for the moment, out of commission.

Peter Pulzer is Gladstone Profes-sor of Government and Public Ad-ministration, Oxford and Fellow of



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#### **UK NEWS**

Raymond Hughes examines a journalist's refusal to disclose his sources

# Law finds an unfortunate victim

THE 1986 Financial Services Act, as cials or ministers. While that does Indication of the depth of concern not reasonably be expected to reLord Justice Stade said in the Court not detract from the professional of Appeal last week, was designed to "give teeth" to the 1985 Company thought to diminish its ethical forSecurities (Insider Dealing) Act. ce.

The 1986 Financial Services Act, as cials or ministers. While that does indication of the depth of concern about the insidious and highly damaging spread of insider trading, their investigations. In effect the appeal court held that the result is increased to re
The 1986 Financial Services Act, as cials or ministers. While that does indication of the depth of concern about the insidious and highly damaging spread of insider trading, their investigations. In effect the appeal court held that the indication of the depth of concern about the insidious and highly damaging spread of insider trading, the difficulty of uncovering it and their investigations. The intention was that the teeth

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and the second

ment - that the teeth have in fact closed around the ankle of a finan-concluded ... that a takeover by cial journalist who everyone ac- S&N would not operate against cepts is entirely innocent of the evil the public interest. Comtrary to that Mr Warner must reveal his the law is seeking to root out.

prospect of being in October, 1986, Mr Warner wrote in the Independent that the answer questions put to him by Department of Trade and Industry (DTI) inspectors appointed to investigate leaks of price-sensitive information from the Office of Fair Trading, the DTI or the Monopolies and Mergers Commission (MMC).

Mr Warner, with the whole of Mr Warner, with the whole of the commission of Mr Warner, with the whole of the commission of Mr Warner, with the whole of the commission of Mr Warner, with the whole of the commission of Mr Warner, with the whole of the commission of Mr Warner with the whole of the commission of Mr Warner with the whole of the commission of Mr Warner with the whole of the commission of Mr Warner with the whole of the commission of Mr Warner who was a commission of the commi Mr Jeremy Warner, now business no conditions attached to the find-

regards as his professional right and obligation as a journalist to then been made public, maintain the confidentiality of the Mr Warner declined to

based articles about two takeovers. On the face of it a classic text case requiring a balancing of con-flicting public interests: in the pre-one to give them information. If vention of crime and in the free that person refuses to co-operate flow of information to the media, which largely depends on infor-mants being assured that their identities will not be revealed.

though it may not be the ideal case for testing an issue of principle, inasmuch as Mr Warner's articles therefore, "necessary for the present of the present of

In November, 1985, in an article

stock market speculation, there are

tigate leaks of price-sensitive information from the Office of Fair
Trading, the DTI or the Monopolies
and Mergers Commission (MMC).

Mr Warner, with the wholehearted backing of Mr Andrees Whittam
Smith, the editor of the Independent of dent, has taken a stand on what he to express confidently the outcome regards as his professional right of official decisions that had not

Mr Warner declined to give any sources of information on which he information about his sources and the inspectors invoked the 1986 Act. Section 177 of the Act gives the the inspectors can complain to the court. If the court decides that the

Section 10 of the 1981 Contempt necessary in the interests of justice or national security or for the prevention of disorder or crime."

The Court of Appeal, in deciding sources, held that section 10 did not crimes, Mr Warner's information directly apply because the inspec-tors were not a "court."

The question was whether he had a "reasonable excuse" under the Fi-nancial Services Act. However, if he had been able to invoke section 10, he would have had a "reasonable concluded. excuse" for not answering the in-spectors' questions and he could not be put in a worse position simply because the inspectors were not a court; the appeal judges decided. The inspectors, therefore, had to

satisfy the court that Mr Warner's information was necessary for the prevention of crime. The inspectors' inquiries had suggested that the insider dealing they

were investigating was on a very large scale - more than £18m by one ring alone. Mr Warner, they said, was among a very small num-ber of disinterested witnesses available to them, and in some matters the only one. When the case came before the

High Court Mr Justice Hoffmann court. If the court decides that the person has no "reasonable excuse" had shown that disclosures would it can treat the refusal as contempt prevent further insider dealing, and

asmuch as Mr Warner's articles that is without precedent in any were not exposing wrongdoing but other area of English law.

Overturning that decision, the appeal to the peal judges said that Mr Justice Law Lords, so it will be many months before any punishment between unpublished intentions of offi
granted such a unique power is an test for the inspectors, who could

The intention was that the been in November, 1805, in an arcice should bite on those involved in The Times, Mr Warner referred what another judge described as "the evil of insider trading".

It is unfortunate – and the source Brown, the Blackburn brewer, by the WMC of a bid for Matthew disclose their sources, unless the Brown, the Blackburn brewer, by court is satisfied that disclosure is what information they need," said of the 1861 Contempt that, if hispectors say they need of Court Act says that journalists particular evidence that should be can refuse, in court proceedings, to disclose their sources, unless the other than anyone else until first in inspectors. Say they need of Court Act says that journalists particular evidence that should be can refuse, in court proceedings, to disclose their sources, unless the other than anyone else until first in this pectors. Say they need of Court Act says that journalists particular evidence that should be can refuse, in court proceedings, to disclose their sources, unless the better than anyone else until first in this pectors. Say they need of Court Act says that journalists particular evidence that should be can refuse, in court proceedings, to disclose their sources, unless the better than anyone else until first in this in the source of Court Act says that journalists particular evidence that should be can refuse, in court proceedings, to disclose their sources, unless the better than anyone else, must know that in the interest of the source of Court Act says that journalists are refused to the source of Court Act says that journalists are refused to the source of Court Act says that journalists are refused to the source of court Act says that journalists are refused to the source of court Act says that journalists are refused to the source of court Act says that journalists are refused to the source of court Act says that journalists are refused to the source of court Act says that journalists are refused to the source of court are says the particular evidences Lord Justice Slade, though he did say that the court should not simply

views.
The inspectors were investigating was likely to be of substantial assistance to them; the inescapable conclusion was that disclosure of his

The judges, like the inspectors, made it clear that they were not anxious to see Mr Warner punished. Lord Justice Slade fully accepted the principle that responsi-ble journalists should generally be entitled to protect their sources. He hoped that all journalists would accept that that right must be overridden in the exceptional case where it was necessary for the prevention of

The judges adjourned the matter until next month to consider what. if any, punishment to impose, and also to give Mr Warner an opportunity to change his stance - some-thing which he has made clear be has no intention of doing.

The court will have to impos some penalty, if for no other reason than pour encourager les autres. They are unlikely to send Mr Warn-



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# Barings to sell lease on City HQ building

BY DAVID LASCELLES, BANKING EDITOR

BARINGS, London's oldest merchant bank, is to sell the lease on its building in Bishopsgate in the City of London to realise new capital.

The decision has been partly dic-tated by Barings' determination to avoid having to go public, as most other merchant banks have done in recent years to tap new sources of

The lease is valued in the company's 1986 accounts at £34m, but it

Mr Andrew Tuckey, a Barings di-rector, said: "Deregulation has produced more opportunities than ever before to invest capital in our own business, and this is what we are

The transaction will not sever Barings' connection with the site, which it has occupied since 1806. Under a complex arrangement

expects to raise much more than Barings remains the freeholder. However, it has leased the site for 999 years to the electricity industry on fund which has, in turn, pension fund which has, in the leased it back to Barings for 250 years. It is this second lease which

Barings is offering for sale.

The lease entitles the holder to just under 40 per cent of the rental income from the building, with the remainder going to the electricity industry pension fund.

Barings will continue to occupy 11 floors of the 20-storey building which was redeveloped in 1990. The other major tenant is Deutsche

Barings, which is owned by the Baring Foundation, a charity, dis-closes little financial information about itself. However, it recently revealed that it employs £468m of capital in its newly established se curities activities.



# EC farm policy blamed for 450,000 job losses

BY DAVID BLACKWELL

ABOUT 450,000 people in the UK consider the economic effects of the disposal or even over-spending, he are out of work as a direct conse- farm support policies. quence of the European Community's Common Agricultural Policy (CAP), according to the initial results of a study being undertaken for the Australian Bureau of Agricultural Economics.

The UK had suffered from CAP more than France, West Germany or Italy, Dr Andy Stoeckel, director of the Centre for International Economics in Canberra, told an inter-

Without CAP price supports, he said, the output of the UK's manufacturing sector could have been to support the food producing and C3bn greater, and the output of the service sector nearly £6bn greater

He estimated that CAP had cost the Community as a whole some 1m

The burden imposed by the CAP national meeting held at the week-end at Steyning, West Sussex, to matter of surplus production, stock eckel told the conference.

The taxes required to fund the subsidies and the trade restrictions food processing sectors had become so large that manufacturing competitiveness and job opportunities

This misallocation of resources to the food sector worsened unemploy ment, particularly in the Community's manufacturing sector, Dr Sto-

# Move to curb fish quota abuse

BY LUCY KELLAWAY

THE BRITISH Government plans to tighten the law on the registration of British fishing boats in an effort to stamp out "quota hopping" would prevent boats registering in the UK unless they were owned by UK citizens who are also resident to tighten the rules could be effort to stamp out "quota hopping" in the country. tion of British fishing boats in an effort to stamp out "quota hopping" - whereby foreign ships use up part of the quota allocated for UK fisher-

Mr Michael Jopling, agriculture minister, told the National Federation of Fishermen's Organisations

Under the present system foreign owners can register hoats in the UK with little difficulty. This has been subject to widespread abuse, in particular by Spanish companies.

raged at having their quotas used rospectively.

ed that the rules would be accept-

Mr Jopling said the legislation, which would be introduced as soon British fishermen have been out- as possible, could not be applied ret-

# Truck groups level in race for sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE TWO newly-merged truck Iveco Ford formed nearly a year companies which dominate the UK ago from the UK operations of Ivemarket were neck and neck in their co, the Fixt-owned company, and race for leadership, by the end of Ford of Britain, has regained a con-

In the first four months of this in the early part of 1986. Its sales in year, Iveco Ford Truck, with 4,222 the first four months of 1986 were vehicles over 3.5 tonnes gross 29 per cent below this year's level at weight registered, captured 22 per 3,278. weight registered, captured and Leyland-cent of the market and Leyland-Dai, with 4,286 sold had 22.25 per ing place against the background of relatively weak demand - total re-relatively weak demand - total re-

However, if Leyland-Daf, 60 per gistrations of trucks over 3.5 tonnes cent controlled by interests in the were down by 10.6 per cent to 19,170 netherlands and 40 per cent by the state-owned Rover Group of the UK, lives up to the past performance of its constituent companies, and which party was likely to win its should move steadily into the lead during the rest of this page.

it should move steadily into the lead during the rest of this year.

While the merger, completed last month but signalled earlier in the year, seems not to have dented Leyland truck sales, the Society of Motor Manufacturers and Traders statistics show that Daf sales have fallen sharply.

Among the other major truck companies in the January-April period, registrations by Daimler-Benz of West Germany in third place the set silpped from 2,616 to 2,602, whereas sales by fourth-placed Volvo of Sweden are up from 1,620 to 1,996. en sharply.

In April, 191 Daf trucks were registered agianst 336 in the same month last year. In the first four months of this year, Daf sales were down from 1,079 to 896, or by 17 per

# Allied to brew more Australian lagers

siderable part of the ground it lost LLIED LYONS, the food and drinks group, is to brew and distri-bute in the UK two Australian lager brands owned by the Bond Corporation of Australia under a licensing

> Allied already brews under li-cence Bond's Castlemaine XXXX brand which has contributed to the growing strength of Allied's lager portfolio. The new brands to be brewed under licence are Swan Premium Export lager and Swan Special Light lager.

The hrands are at present sold in the UK by Bass and Courage. It is understood that these two brewers will continue to sell the brand. Mr Peter Beckwith, managing director of Bond Corporation, said in Perth:

The excellent performance of Castlemaine XXXX in the UK has clearly demonstrated to us the expertise that Allied has in beer mar-keting and we are delighted that these skills will now be used to pro-

down from 1,979 to 896, or by 17 per cent.

In contrast, Leyland truck registrations rose from 936 to 963 in April and for the year so far they slipped only a little, from 3,437 to 3,370.

anead at 108,782.

The importers' share of the total market during April was 40,32 per cent against 41,95 per cent in the first four months was 36,64 per cent, compared with 41,73 per cent a year aso. mote the Swan brands in the UK." Lager is the growth sector of a stagnant UK beer market with brewers concentrating attention on the development and marketing of their lager brands.

# Range Rover output overtakes Land Rover for first time

wheel-drive Range Rover has for the first time overtaken output of its more utilitarian stable mate, the

By the end of this year, when the Land Rover company expects to make about 45,000 vehicles - up from 41,000 in 1936 - at least half are likely to be Range Rovers.

kets - where demand has dried up because of shortages of foreign cur-rency - to high-specification vehi-for the first time in March and the

PRODUCTION of the luxury four- compared with the same period of 1986 to 3,638. Land Rover sales were also the best for five years and up by 21 per cent to 1,780 in continental markets. Land Rover said the introduction of turbo-diesel versions of its vehi-

cles had particularly stimulated sales in those markets where diesel The change shows that Land Rover's shift of emphasis from the supply of "workhorse" vehicles to the Middle East and African markets a where demand has deleased. fuel is relatively cheap.

beginning to pay off.

The company, part of the stateowned Rover Group, yesterday said
it had record Range Rover sales in
continental European markets in
the first four months of this year.
Registrations rose by 56 per cent

# Rolls seeks bigger sales in Japan

EY OUR MOTOR INDUSTRY CORRESPONDENT

rangement is expected to nearly week to cope with new production double Rolls-Royce and Bentley targets for the Metro. double Rolls-Royce and Bentley targets for the Metro.

Sales from 54 last year to about 100.

In a separate development yesterday, the state-owned company by the end of May.

took over its own import arrange-ments in Japan, will sell Rolls-Royce and Bentley cars through its dealerships in Tokyo, Kanagawa, Osaka and Hyogo under the terms of a deal completed with Cornes and Co, the sole importer to Japan and part of the Hong Kong-based

The Rolls-Royce models will join Austin Rover's line-up by Rover
Sterling (made locally on the UK
company's behalf of Honda),
Montego, Maestro and Mini models.
Austin Rover Japan also distribthe company's representation of France (63,868): Cavalier 1.6 1 57.733

through its network.

At the Longhridge, Birmingham,

AUSTIN ROVER's subsidiary in Ja-pan is to distribute Rolls-Royce and Bentley cars in that country's most important market areas. The ar-and two extra hours during the

also said it was to step up production of the Metro small car and Metro had increased both in export hoped to introduce overtime work- markets and the UK where it has ing for the first time since July benefited from a low-cost finance Austin Rover Japan, set up in campaign designed to give the car spring 1963 when the UK company more personality and make it more took over its own import arrange attractive to young people.

 General Motors, the Vauxhall-Opel group, quickly followed its ma-jor rival Ford in putting up car prices. GM said yesterday it had increased prices by an average of 2.1 per cent, exactly in line with the Ford rise but slightly below the 2.4 per cent increase announced by Austin Rover a week ago.

thes cars from Pengeot of France (68,888); Cavalier 1.8 1 57,733 through its network. (£7,550) and Cariton 1.8 1 £9,954 At the Longbridge, Birmingham, (£3,620).

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# British Gas marenolo payment is due.

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Within the next few days, you should receive by post a statement of the exact amount you should pay. On the back of the document is the name and address of the bank to which your payment should be sent. Be sure to return the whole document with your cheque, using the pre-addressed envelope provided.

Please send your payment as soon as possible. It must be received before 3pm on 9th June 1987, or you may lose your right to your shares, your dividends and/or any entitlement you may have to bonus shares or bill vouchers.

If you have not received your statement by Friday, 15th May 1987, contact the British Gas Share Enquiry Line, National Westminster Bank PLC. Caxton House, PO Box 343, Redcliffe Mead Lane, Bristol BS99 7SQ (telephone 0272 294 188).

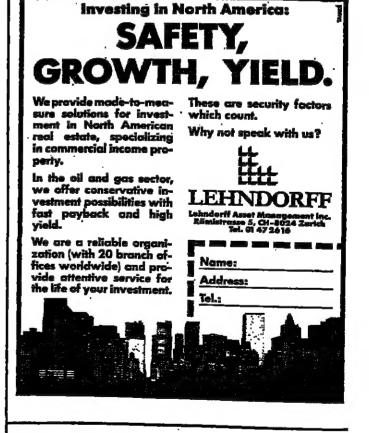
> If you have moved house since you bought your shares, do check at your old address before calling the enquiry line.

If you have any problems with the document, contact your bank manager, stockbroker or other financial adviser.

(The price currently quoted on The Stock Exchange for British Gas shares is based on the first payment only. From the beginning of June 1987, the price quoted will be based on both first and second instalments having been paid.)

**British Gas Share Offer** 

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Mr M. A. Mouhsine, Director Petroleum Participations, ONAREP 17 Avenue Michifen, Agdal, Rabat, Morocco Telephone: 721-64, 705-05 - Telex: 317 15 M Burepet

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AVING spent the night in custody before appearing at Bow Street Magistrates' Court on Thursday. Mr Ernest Saunders,

former chairman and chief executive of drinks group Guinness, may well have had mixed feelings at the head-lines in Friday's newspapers. Not the headlines about himself, you understand; these about the former chairman of the Lloyd's insurance market. Sir Peter Green.

Sir Peter has been fined all of £32,500 for mishaps that of E32,300 for inshaps that included serious negligence and breaches of duty to syndicate members of Lloyd's According to a Lloyd's disciplinary committee (and to Lord Wilberforce on Sir Peter's subsequent appeal) this amounted to discreditable condury. We cannot, of course, draw

exact parallels between the fate of the two men. For a start, the full facts in the Guinness affair must await the results of the Department of Trade Inspectors' investiga-tion. Nobody has accused Sir Peter Green of seeking to

# Lloyd's and the Guinness test

documents—the charges faced by Mr Saunders. And every-one at Lloyd's is anxious to point out that no question of deliberate or dishonest con-duct or pursuit of personal gain was raised against Sir

a central issue in both cases. And the television coverage And the television coverage of Mr Saunders's uncomfortable Odyssey helped ram home, in a way that newspaper headlines could not, the considerable disparity between the rules and remedies that apply to different parts of the business community.

As well as enjoying the hospitality of Holborn police station Mr Saunders has seen his UK assets frozen. He has

his UK assets frozen. He has been forced to hand in his passport and seek ball of

sym, Ann the charges invested at him under the Companies Act carry a miximum prison sentence of seven years.

All this before the Department of Trade inspectors have even reported. Some feel that the former she leaves to the leaves to the

the former chairman of Lloyd's has got off lightly. Sir Peter Green's mindemensours related to a large reinsurance policy arranged between insurance syndicates under the management of his underwriting agencies. James underwriting agencies, Janson Green and Crescent Under-Green and Crescent Under-writing Agency, and an eff-shore company in which he had a personal shareholding. This company, Imperial Cay-man, was a convenient (and presumably tax efficient) parking place for syndicate funds until they were required to offset subsequent

anderwriting lostes.

Imperial Cayman's interest income between 1976 and 1983 came to some 3276 and 1984 properly to have accraed to Sk Peter's names—the outside members of Licyd's who were on his syndicates. In practice the names received interest calculated at only 50 per cent of the return on 36-day Enredolize deposits.

Lloyd's disciplinary committee is too delicate to say that the names were ripped off. But it does argue, on the basis of a comparison with another similar policy that was negotiated at arms' length, that they should have received 75 per cent of the Eurodoliar sate in 1978 and 1979 and not less than 36 per cent from 1980. The

that the amount they were actually eredited with was "manifestly insdequate and inequitable."

Having taken into account everything said by Sir Peter and on his behalf, together with the arguments put forward by a dissenter, the majority concluded that the former Lloyd's chairman's repeated failure to perform his duty to his names was such serious or gross negligence as to constitute discreditable conduct."

Lloyd's also accused Sir Peter of providing incom-plete, inaccurate or mislead-ing information in relation to these and other conflicts of interest, to which he pleaded guilty. And the committee found that his failure to account to the names for the

shareholder in his off-shore ventures was "detrimental to his names' interests," though not, in their view, discredit-able.

By any standards this is By any standards this is pretty strong meat. Note, though, that the failure to disclose was not regarded as detrimental to the names interests under the 1871 Lloyd's Act. Sir Peter was only caught on this score because his retleence continued after the introduction of new legislation that took effect in January 1983. Note, too, that the dissenter on the offect in January 1983. Note, too, that the dissenter on the disciplinary committee, Mr Michael Langton, argued that the key allegation against Sir Peter concerned behaviour that was common practice in the 1970s and was not then regarded as serious

enough to constitute dis-creditable or disgraceful

creditable or disgraced and conduct.

To most of us, that serves as a reminder that Lloyd's is only now emerging from the 19th century; and the case of its former chairman suggests that, even after the various attempts at reform, Lloyd's enjoys a much more relaxed regulatory environment than the rest of the business community.

the rest of the business community.

For his part, Mr Ernest Saunders might well feel that the discemfort of the police cell and the glare of the cameras have been visited on him with a degree of alacrity on the part of the Director of Public Prosecutions that is quite unusual by past standards in City matters. He may also feel it to be a singularly unhappy coincidence that in the run-up to an election in which Tory politicians are anxious to appear tough on financial skulduggery the police failed to wait for the Department of Trade inspectors' verdict.

#### INTERVIEW

# The unlikely folk hero

Anthony Moreton meets Nicholas Edwards, Welsh

Secretary, who is about to retire from Parliament

INCE THE May morning in 1979 that Mrs Margaret Thatcher walked into 10 Downing Street as Prime Minister, her Secretary of State for Welsh Affairs has been Mr Nicholas Edwards. Only one other departmental minister, Lord Hallsham, the Lord Chancellor, has had an equally long tenure of office.

Thursday in and Thursday out during those years he has walked across Whitehall from Gwydr House, his London base, to sit at the same green leather seat around the long oval

Thursday in and Thursday out during those years he has walked across Whitehall from Gwydr House, his London base, to sit at the same green leather seat around the long oval cabinet table.

He is retiring, he says, at " a

supremely important moment in Weish history. Perhaps even We have reached the end of an era of industrial decay and decline that has gone on for the greater part of this century, the end of the dependence on the old basic industries and the condustries and the con

dustries and the painful effects of their decline." Coal and steel, once nourishforce, are now small beer. In their place have come the new industries in the high-tech-nology sectors with names few have heard of. "We are now at the start of the new period of expansion. We have got a much more broadly based

economy which is growing and expanding. When I came late this job. eight years ago we inherited a pretty difficult situation, the consequences of inflation, overmanning, a lack of competitive-Wales, in particular, there was important psychological fact. world that was wholly damag-

ing."
His first fear was that the trend was irreversible, "that we just might go slithering on

But since the start of the 1980s, as the British economy has picked up steam again, Wales has also benefited. There is still a lot to be done. Unemployment is at unacceptably high levels and now rural Wales is facing severe problems arising from changes in the

EC's agricultural policy.

For all that, Mr Edwards detects dramatic changes. He points to the arrival of professional organisations in the country, especially in Cardiff, moves to create a financial community in the Welsh capital that might, one day, do for Wales what Edinburgh does for the arts.

of the country's cultural life.

The economic breakthrough was a long time coming and he pinpoints the last 12 months as the crucial period. An independent report commissioned for the Welsh Development Agency, the quango set up to regenerate the Welsh economy, showed that, seasonally adjusted, employment has fallen every month between May 1988 and February this year, that the increase in job opportunities, in terms of vacancies, has been much faster than in the UK as a whole, and that in several of today's industries, including office machinery, data processing, rubber and plastics

risen faster in Wales than in the UK as a whole.

Mr Edwards points to this

ing the elite as well as the as evidence "that we are going bulk of the industrial work to change Wales from a place force, are now small beer. In of heavy industry or branch

#### PERSONAL FILE

Educated Westminster school and Trinity College, Cambridge; read history.

1965 Member of Lloyd's.

1970 Entered Parliament as MP servative) for Pembroke-

1975-9 Opposition Webb affairs. 1979-87 Secretary of State for

are going to have the new industries attractive to senior management and the kind of people we want to see running things in Wales."

The irony in this change is the fact that Mr Edwards, one of the Cabinet's purer Thatcher-ites and a man who by inclination and background—he was a Lloyd's underwriter-distrusts the philosophy of government intervention has turned out to be something of an oldfashioned interventionist where Wales is concerned.

He has fought hard, within cabinet, to get a share of everything that was going. One of the six freeports was allocated to Wales against all the commercial logic; three enterprise zones (one in his own con-stituency); a share of the roadbuilding programme; money for

He has a reputation as a hard driver, someone who calls for papers early in the morning and has his civil servants working

has his civil servants working late at night.

"But he has got things done," says a Cardiff businessman.

"It's not easy to fire people in the Civil Service and the only way to get efficiency is sometimes to give people a good dressing down. The Welsh Office is a lot more efficient now than it was when he arrived."

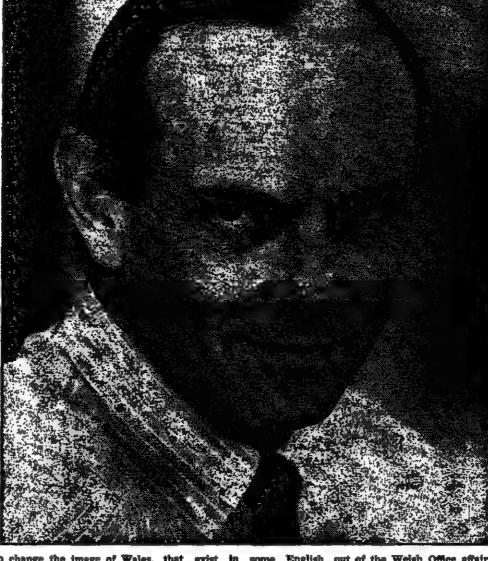
This inner-circle view of him as an aloof, arrogant taskmaster, resonant with English public school accent, is not, however, shared by the public at large, rather surprisingly since the Welsh like their father figures to be folksy. He is almost universally known, outside his hearing, as "Nick," even by people who have never come people who have never come within a mile of him. Among the nationalists he has been criticised for concen-

trating too much attention on Cardiff to the exclusion of the rural areas, from which the nationalists draw most of their strength. He counters by pointing to finance made available for improvements in the industrial valleys, for help to tourism, for the establishment of offshoots of the national museum in other parts of the country and to the fact that "I've done more to support the (Welsh) language than any previous Secretary of State. I don't think that many people would challenge that that is a

fact.
"By allocating financial resources whenever there were choices to be made, taking choices sympathetic to the language, we defused the thing (the language) as a political language)

"It has been a delicate road because you, on the one hand, wanted to encourage the lan-guage without doing it in a way that makes people feel you are forcing it down their throats. The language will only survive if people want to speak it."

Promotion of the arts he sees



pany has created an inter-national reputation and he would like to see a centre for the performing arts in the redevelopment of Cardiff.

"Tve devoted quite a lot of time to the arts, rather more I suspect than most secretaries of state. A study of the visual arts has been set up and we are going ahead with a major expansion of the national

One of my personal disap-pointments is that I have not been able to get an absolute firm start on a centre for the performing arts, but I have g quite a way down the road to-wards making it possible. We will have the theatre actually designed and ready to go when the money becomes available." But he freely admits that his crowning achievement is the crowning achievement is the regeneration of Cardiff's decayng docklands into what he confidently believes will become southern Britain's first city

The Cardiff Bay Development Corporation, modelled on work undertaken in London and to bring new heart back into what was once known around the world as Tiger Bay and is now an area of under-utilised docklands and old properties. "The major steps I have undertaken have culminated in the South Cardiff project. We are fortunate in not having in Cardiff some of the more difficult problems of urban

to change the image of Wales. that exist in some English The Welsh National Opera Com-cities, We also start from an immensely encouraging and exciting response from those

> "As every week passes we et more encouraging signals that this could be one of the most exciting development projects in the country, maybe in the whole of Europe.

> "People in Britain still have preconceptions about Wales which are based on past history d past events. They still see this as an area almost entirely dependent on heavy industry, smoking valleys, coal, steel and anothing vaneys, coal, steel and not the sort of place you would want to live in and they don't realise that, in fact, the industrial base is quite different, that Cardiff's one of the most attractive cities in the to have this great project."

It seems improbable that Mr and it's time to do something Edwards intends truly to how different."

VOTE

CONSERVATIVE

"I really genuinely don't know what I am going to do after the election," he says. "I don't want to go back into the City and I would like to spend perhaps half my working time in Wales."

Would he like to go to the Lords, or does he see himself

"That's a sort of difficult hypothetical question, Here am I, 53, withdrawing from the fasinterested in Politics and what's happening in this country that if one has the opportunity to make some contribution in the Lords then certainly that would be fine and one would like to do so."

But not, he makes clear, im-mediately. "I've had a fascinat-ing job for the last eight years

THE ELECTION CAMPAIGN GETS UNDERWAY IN LITTLE SNOTCHLY.

VOTE

ALLIANCE

# The muzzle may come off

obduracy in declining to set up an independent set up an independent judicial inquiry into allegations made by Mr Peter Wright, a former MIS officer, that he and his colleagues in the secret services set about destabilising the Wilson administration in the mid-1970s appears to be politically unyielding.

But the Prime Minister may yet be forced to soften the angularity of her stance if proceedings currently before the High Court in London result in the media being released from restraints that have sought to muzzle them.

The immediate focus of

The immediate focus of attention is on Sir. Nicholas Browne-Wilkinson, the Vice Chancellor, who last week began hearing an application by the Guardian and the Observer to have discharged or varied injunctions obtained against them last May by the Attorney General. With minor qualifications, these restrain any publication of the Wright memoirs. The two newspapers have in-

The two newspapers have increasingly chafed under this restraint as they have witnessed the revelatory proceedings in the New South Wales court which have exposed the variable attitudes of the British Government to publication of secret service matters.

The instant, official response

**contempt** against that paper and the two London publications, the London Dally News and the Standard.

followed suit, has done nothing to relieve the irritation.

Much now depends on the timing of the contempt pro-But while that action was pending what price the lifting of the injunctions against the

The Vice Chancellor quickly perceived that he could not properly determine one appli-cation without the other. If the newspapers were not held to be in contempt then the injunctions against the Guardian and the Observer would fall away. The judge is expected today to arrange irgently for a joint hearing of the two proceedings before

Those who support the free-dom to publish must feel that

LABOUR



this is their best opportunity for a favourable ruling. The Vice Chancellor has already indicated his concern at the variable attitude of the Atorney General; and he is known to possess pronounced liberal views.

Given the history of the recent linguition, it is difficult to discern any clear-cut, concerted attempt by the Attorney General to stifle all potential media coverage of the Wright memoirs.

creasingly chafed under this restraint as they have witnessed the revelatory proceedings in the New South Wales court which have exposed the variable attitudes of the British Government to publication of secret service matters.

They were even more perturbed when their new Fleet Street rival, the Independent, published a sizeable extract from the Wright book on its front page a fortnight ago.

memoirs.

When last spring the Guardian and the Observer published an improved quickly enough to prevent any further revelations. When the case came to the Court of Appeal, Sir John Donaidson firmly bolded that particular door on publication of material on the secret services. In the course of his forthright judgment upholding the necessity to ment not Olding the necessity to preserve the confidentiality of material touching on national security, he uttered a firm warning to the media generally: they should understand that to republish the material so far disclosed would be to act un-

> No other publisher was made specifically the subject of an order of the court. Hence to publish would not bring into play the law of civil contempt, which is concerned with discourt. But, in the face of the Donaldson dictum, would it be a criminal contempt, in the sense that it would be conduct obstructing or calculated to prejudice the due administra-tion of justice? That is the crucial question.

> The Attorney General may have felt that the Donaldson dictum sufficed to warn off any editor thinking of a newspaper scoop—and therefore that he did not need to go further and obtain orders from the court similar to those restraining the Guardian and the Observer.

The failure to take this pre-caution may incline Sir Nicholas Browne-Wilkinson to view the Attorney General's attempts to ban publication as something less than whole-

The Attorney General's case is that the Independent and the two other newspapers have deliberately flouted the spirit and meaning of the court's powers and made it more difficult for him to enforce the injunctions. Thus the newspapers can achieve in practice papers can achieve in practice what the law was designed to stop them attaining—namely. treedom from legal restraint.



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WE BACK BUSINESS. WE DON'T HOLD BUSINESS BACK.

As it expands overseas, Northern will stick to the man-agerial style which marked its growth in the US. This is dis-tinctive in mixing aggression and caution in almost equal

SENIOR managers at Northern Telecom, the Canadian telecommunications equipment manufacturer, are thinking hard about the strategy which will take it into the 1990s.

During the past decade, the group has been one of the phenomena of the US telecommunications equipment market, the world's largest, which it now dominates with American Telephone and Telegraph. Northern has built up its US re-venues from almost nothing ten years ago to \$2.858bn last year, 65 per cent of its worldwide

Northern's success in the US, Northern's success in the US, observers agree, was based on first-rate technology and aggressive marketing. Its progress was marked by a number of milestones. It sold its first digital public switch in the US in 1977, ahead of AT&T. It broke that the giant various broke into the giant regional Bell telephone operating com-panies with its large digital switches, DMS-100 and DMS-200, in 1982.

This positioned Northern perfectly to become a volume supplier to the regional Bells after the break-up of the Bell system in 1984, when they launched a huge modernisation programme. But after the years of head-long growth in the US, Nor-thern is now faced with two key challenges, perhaps the toughest it has faced in its 100-year his-

 It must build on its US strength, at a time when the US market is both changing rapidly and becoming ever more

 Partly to hedge against tougher times in the US, it has to increase its presence outside North America: last year, its international operations contributed less than 2 per cent of its \$1.077bn operating earnings and less than 5 per cent of its \$4.384bn sales.

S4.384bn sales.

Edmund Fitzgerald, Northern's chairman and chief operating officer, sees these two objectives as interwoven. "We used our Canadian revenues to large Bell telephone operating officers and was also be seen to be seen the seen our canadian revenues to large Bell telephone operating of the seen to be seen used our Canadian revenues to develop the US market, and we will use our US revenues to will use our US revenues to "Most of them are trying to develop our international mar-find niches and each will have

kets. Each new market pays for the next."

But to make this vision of a global roll-out work, Northern has to adapt to the differing yet Fitzgerald dismisses fears circumstances inside and outside North America.

In the US, competition is intensifying in Northern's two the best way to understand this most important products—public telephone switches and ex-

changes sold to private companies.

Spurred on by the break-up of the Bell system in 1984, replacement and modernisation products, such as transmission of telecommunications equipment which represented ment has been so rapid recently just 12 per cent of Northern's

Northern Telecom

# Attempting the international connection

David Thomas explains why the Canadian telecommunications group must emulate its formula for the US elsewhere in the world

PAUL ANDERSON, whose job is to shape the outlook of Northern Telecom's top managers, operates out of Northern's new management development centre in Nash-

The centre was a response to Northern's rapid growth in the US, which has seen sales there increase twenty-fold in the last decade. Northern had to double its US management team between 1982 and 1984. its US employees have been with the company less than four years on average.
"We spent more time coping with this change than

Northern had traditionally decentralised as many decisions as possible, Auderson says, but this approach had its limitation when faced with

managing it," Anderson

Managers responsible for Northern's different products often failed to think as a team, according to Anderson. In extreme cases they com-peted against each other for the same customers. "The market was telling us: we want Northern Telecom to have one face to the world."

Anderson continues:
"Historically, we were a champion-oriented, not a team-oriented, company. We needed to cross-polinate our

The decision to set up a management centre in Nash-ville was made in 1984 to meet that need. Till then, manage-ment training in Northern ment training in Northern had concentrated on tech-nology and products in the divisions. "We needed to start shaping a culture and shaping a personality,". Anderson explains. The Nashville centre now

levels of management. The environment was carefully chosen: the colour of the rooms—light grey—was selected after sychological testing to find a colour scheme which helped people Senior managers attend

lays on three types of courses, which it calls build-ing blocks, for different

building block three, which is two weeks long, with about a six-month gap between weeks one and two The centre's first task is to make the participants, who

are always drawn from Northern's different product areas, acutely aware of their lack of a common approach.
"We create tension in this process," Anderson explains enthusiastically.

Instilling in the managers a corporate self-image re-solves that tension. Anderson communicates what he sees as Northern's identity partly by contrast with its compet-tors: Anderson tells the course members that Northern is entrepreneurial and fast moving, but AT&T is big and bureaucratic.
After that, the managers

split into teams and work on strategies to improve service, major account marketing, product planning, design and

The course culminates in the teams presenting action plans to Northern's most action executives. Northern says the results have already shaped its strategic planning. Anderson argues that this stress on management training was crucial to helping Northern cope with its emergence as a big company in the US. "We now consider management development to

and cantion in almost equal parts.

Northern's aggression in technical innovation and marketing has helped it at times to steal a march over AT & T. its key rival in the US.

When service to 41,000 customers was cut off after a switch was destroyed by fire in Brooklyn in February, Nynex, the local operating company, went to Northern and AT & T with the simple question: who could instal a new switch the fastest? Northern won the contract with its promise, which evelopment. The course culminates in

tract with its promise, which was honoured, to get a new switch working inside two "We are more like data processing people in the speed of our response and our aggresour response and our aggression." Fitzgerald says proudly. However, this desire to lead the pack has also got Northern into trouble, most notably when US customers began to experience software problems in late 1985. The software bugs, since dealt with contributed to flat figures for 1986 — net earnings up 4.7 per cent at \$286.6m on sales up 2.8 per cent at \$4.884bm. management development to be as important as R and D." pressures are breaking up the traditionally cosy world of European telecommunications: the trend to greater liberalisa-tion; and the uncertainty caused

"We were asked to provide a lot of additional features in that software and we were asked to do it in half the normal time," explains Hudson.

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Section 1

• Yet Northern is also cautious about diversifying out-side its core activities. Nor-thern remains the integrated telecommunications equipment producer par excellence, even continuing to make telephones in the US, a low cost product now mainly sourced from the Far East.

Northern was scarred by having to make large write-offs in 1980 on two data processing companies acquired two years earlier. Fitsgerald comments: That taught us a valuable, if painful lesson. Northern Telecom is going to continue to do the things it knows best."

Northern's immediate aim is the fledgling rival to British to return to a 15 per cent a Telecom, it may have missed the boat for volume sales of this generation of public switches in Europe.

However, Northern may have more success with other products, such as private extensive the success to that target. more success with other products, such as private exchanges, where it has aiready made inroads and where it has the advantage of having spearheaded technical developments such as ISDN and Centrex in

The company's more medium term sim is to be still in the game when the musical chairs of mergers and acquisitions among the world's equipment manufacturers finally stops.

"There's a good chance that its position in Europe in private exchanges will expand considerably," according to Brian from Europe and one or two froms, an analyst with Kleinwort Grieveson, the UK brokers.

"There's a good chance that to give the good for five its good players—

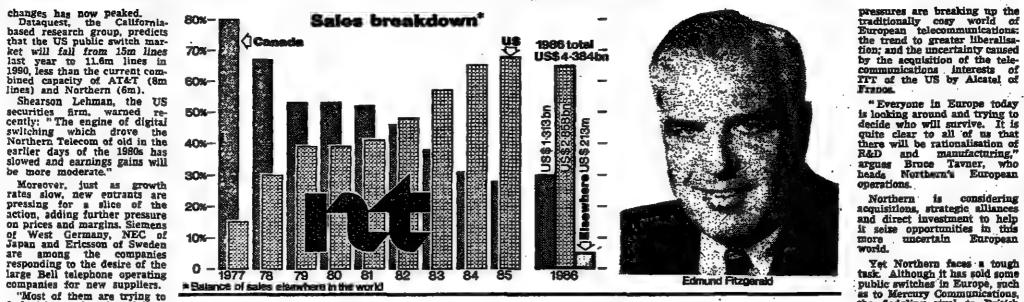
"There's a good chance that to give the good players—

"There's a good chance that to give the good players—

"There's a good chance that to give the good players—

"There is only room for five to give the good players—

two from North America, two from Europe and one or two from the Far East," argues Hudson. "We intend to be one of them."



equipment, such as the move to Integrated Services Digital Network (ISDN) which allows voice, data and video to be sent over the same public exchange line.

According time, Moreover, Northern argues that European and Japanese newcomers will be at a disadvantage during this new phase because they lack a large installed base to which the features, services and upgrades will be added.

will be added.
Francis McInerney, an analyst with Northern Business Information, a New York-based in the US that the market for revenues last year; second, ser- telecommunications research both public and private ex- vices and features which are group, agrees. "Companies

WRIE CALL (RC)

added on to the basic exchange are already milking their

Bringing these factors to-sether. Hudson believes, will gether, Hudson believes, will mean that US sales will become even more central to Northern. They could rise to 70 per cent by the end of the decade, before falling in percentage terms as Northern's push overseas begins to bear fruit in the 1990s. The overseas operations, to

which Northern is giving greater attention, is the second area where Northern must succeed. They will account for 15 per cent of worldwide revenues by the early 1990s, Fitzgerald

normally considered closed to foreign equipment suppliers: it has sold packet switch date equipment to the West German Bundespoet; and it has just started shipping its small digital exchange to Japan.

But Northern, still a small player in most markets outside North America, has failed in some important attempts to break into foreign markets. Its bid for CGCT, which controls 16 per cent of the French public switch market, was re-jected last month. It also lost out in the battle to become the Northern has had some noted British Telecom.

Northern's lack of visibility abroad is partly due to its decision to enter many coun-tries through licence agreements. Its private exchanges, for example, are made under licence in several European countries, including the UK, Italy and Sweden.

Fitzgeraid defends this decision: "There was no real other effective way of penetrating the market, because we had all our resources aimed at getting a major position in the IIS."

(BB) BANCO DE BILBAO

SIXTH ISSUE OF TREASURY BONDS, 15 MAY 1987

The Board of Directors of BANCO DE BILBAO have authorized the following issue of Treasury Bonds, which complies with oursest legislative and supervisory

SECURITIES: Bearer bonds of 5,000 posetss nominal value each, in single or multiple form. Bonds to be numbered from 1 to 2,000,000 (from 1 to 4,000,000 in the event of the total issue being expanded to 20,000 million penetas).

DATE OF ISSUE: 15 May 1987.

PRICES As a constant of the contract of the c

DATE Of ISSUE: 15 May 1987.

PRICE: At par, sgainst payment in fall, free of charges for subscribers.

RMEREST: The rate of interest payable on the Bonds will be 6.75 pententage points below Banco de Bilbao's discount rate for 3-year financial paper, although the resulting interest applicable to the Bonds will be subject to a minimum rate of 6 per cent per annum and to a maximum of 11 per cent per annum.

SUBSCREPTION: The following subscription will apply:

— Priority applications from Banco de Bilbao shareholders from 15 to 25 May 1987. Each shareholder may in principle apply for up to 400 Bonds, with applications for greater numbers being subject to allotment on the basis of shares held at 14 May 1967. Should the number of Bonds applied for by shareholders exceed the number on offer, allotment will be made as follows:

— Applications für up to 400 Bonds, in propertion to the total number of Bonds applied for;

specture; for more than 400 Bonds; up to 400 Bonds on the above basis; for portion in excess of 400 Bonds, in proportion to the number of shares held as

Any remaining Bonds not taken up by thereholdens will be offered to the general public, subject to a maximum of 200 Bonds per applicant, during the period 25 May to 15 June.

period 20 May to 15 June.
REDEMPTION AND/OR CONVERSION: Redemption will take place at parthree years from the closing date of issue, on 15 June 1990.
However, early redemption at the bondholder's option may be requested during the period of 30 days from 15 November in each of the years 1987, 1988 and 1989, subject to conversion of the proceeds of redemption into Baseo de Bilbao abayes on the following basics.

the period of 30 days from 15 revenuer in each of the years 1967, 1968 and 1969, subject to conversion of the proceeds of redemption into Banco de Bilbao atares in the following basis:

The redemption value of the Bonds will be their par value, while the conversion price of the shares will be 10% below the lower of:

(a) The average price of Banco de Bilbao shares on the Bilbao stock exchange during the period 13 October to 13 November for the conversioning year 1987, 1988 or 1989,

AND

(b) The write of Banco de Bilbao shares on the Bilbao stock exchange on 13.

(b) The price of Banco de Bilbao shares on the Bilbao stock exchange on 13 November (or, if the Exchange were closed on that day, on the preceding trading day) in the applicable year 1987, 1983 or 1989.

In no even will that the be offered below their nominal value.

PROSPECTUS: Copies of the prospectus relating to this issue are available at the registered office of Banco de Bilban at Gren Via 12, Bilban, Spain, and at the four Spainh stock extranges.

four Spanish stock exchanges.

Holders of depositary receipts to heaver (IDR's) wishing to subscribe for these Bonds should seemed either.— Hill Samuel & Co Limited, 45 Beech Street, Loudon EC2P ZLX or Morgan Guaranty Trust Co of New York, Brussels prior to 20th May 1987.

eal & Co Limited, 45 Booch Street, LONDON ECTP ZLE.

With the US goal achieved, Northern is now ready to steer a bolder course outside North America, believing that two

THE INSOLVENCY ACT, 1886

Emitted.

Dated this 24th day of Merch 1867. JOHN WILLIAM PAPI, FIPA.

Deted this 8th day of April 1957. JOHN WILLIAM PAPI, FIPA. Receiver of Book Debts.

# European Investment Bank

US\$ 300,000,000 Floating Rate Notes due 1998

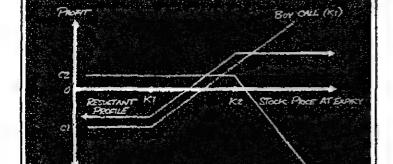
in accordance with the Description of the Notes, notice is hereby given that for the interest period from May 7, 1987 to November 9, 1987, the Notes will carry an interest rate of 7,3375% per armum,

The amount of interest payable on the relevant interest payment date, November 9, 1987 against coupon n°2 will be US\$ 379.10 per Note of US\$ 10,000 nominal and US\$ 3,791.04 per Note of US\$ 100,000 nominal.



KREDIETBANK S.A. LUXEMBOURGEOISE

The Agent Bank



Yet Fitzgerald dismisses fears about a diminishing switch mar-

ket in the US. "We don't think that counting exchange lines is

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Financial times stock indices										
	May. 8	May 7	May 6	May 5	May 1	Apr. 30	19 High	1987 High   Low		mpliation Low
Government Secs	93.32	92.53	92.66	92.51	91.96	91.69	93.32	84.49	127.4	49.18
Fixed interest	99.25	97.44	97.66	97.48	97.37	96.86	98.25	90.23	150,4	50.53
Эналиу	1659.7	1628.0	1640.5	1626.9	1626.9	1612.0	1658.7	1320.2	1658.7	49.4
Gold Mines	438.2	446.5	445.9	453.0	444.4	447.3	485.0	268.2	734.7	43.5
FT-Act All Share	1060 10	1037.97	1041.33	1031.74	1032.48	1023.58	1060.10	835.48	1060.10	61.92
FT-SE 100	2126.5	2077.9	2086.5	2065.1	2068.5	2050.5	2125.5	1680.0	2126.5	986.9

# Company Notices

#### THE INDUSTRIAL BANK OF JAPAN FINANCE COMPANY N.V.

11½% Guaranteed Notes due 1989 ECU 40,000,000 EARLY REDEMPTION ON 22nd JUNE, 1987

NOTICE IS HEREBY GIVEN to the holders of the Bonds (the "Bondholders") that, in accordance with the conditions of Bonds endorsed on the Bonds ("the Conditions"), IBJ FIN. CO, will on 22nd june, 1987 (the "redemption date") redeem all of the Bonds at 1014 per cent of their principal amount together with incerest accrued to such date (being an aggregate of Ecu 1,127.50 for each Bond of Ecu 1,000). Payments of principal, premium and accrued interest will be made on and after the redemption date in the manner provided in the Conditions against surrender of Bonds and Coupons No. 3 due on 22nd June, 1987 and all subsequent Coupons appertaining thereto at the specified office of any of the Paying Agents listed below. Failure to surrender any such subsequent Coupon(s) will result in the amount of such Coupon(s) being deducted from the sum due for payment on the redemption date. The attention of the Bondholders is drawn to the Conditions and in particular to conditions 6 and 7 which contain further details regarding redemption.

Fiscal and Principal Paying Agent

regarding redemption.
Fiscal and Principal Paying Agent
THE INDUSTRIAL BANK OF JAPAN (LUXEMBOURG) S.A.
25B, boulevard Royal
P.O. Box 68, 2010 Luxembourg

Luxembourg
Paying Agents
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43. boulevard Royal, P.O. Box 1108, Luxembourg, Luxembourg
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Avenue des Arts 35, 8-1040 Brussels, Belgium
THE INDUSTRIAL BANK OF JAPAN FINANCE COMPANY N.Y.
Dated May 11th, 1987

SOCIETE CENTRALE DE BANQUE \$US 50.000,000 FLOATING RATE NOTES DUE 1995

We inform the bondholders that in accordance with the terms and conditions of the notes, Société Centrale de Banque has elected to deem all of its outstanding notes on July 6, 1987 at 100%.

Interest on the said notes will cease to accrue on July 6, 1987.

The notes will be mbursed, courous ar 5 due January, 1988 attached cording to the terms and conditions of the notes,

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE Avenue Emile Reutes LUXEMBOURG

LEUMI INTERNATIONAL N.Y. Vanteed Floating Rate Notes 1987

Series "C" (extendible to 1990) Series "C" (extendible to 1999). The interest rete applicable to the above Notes in respect of the abx month period commencing 11th May 1997 has been Axed at 74 % per annum. The interest autounting to USSES per USST,000 orincinal amount of the Notes will be paid on Thursday 12th November against presentation of coupon No. 14.

Itali Livini Trust Company of How York Principal Paying Agent

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Legal Notices

John Willem Papi, Licenced Insci-vency Practitioner of Mesers J. W. Papi & Co., 1, Maddox Street, London Wilk 8WA. hereby give notice that on 24th March 1967, I was appointed Administrative Receiver of Dantonics Limited under the powers contained in a debenture detail 3rd June 1965 in favour of Davelopment Enterprises (fimited.)

(OVIL ENGINEERING) LIMITED (IR RECEIVERSHIP)

I John William Papi, Licenced Insolvency Practitioner of Messre J. W. Papi & Co., 1, Meddox Street, London Wilk Swa, hereby give notice that on With April 1987. I was appointed Administrative Receiver of G. W. King (Civit Engineering) Limited under the powers contained in a debenture deted 31st August 1973 in favour of Licyde Bank Pic.

Deted this 27th day of April 1987.

JOHN WILLIAM PAPI, FIPA.

Administrative Receiver.

THE INSOLVENCY ACT, 1986 IN THE MATTER OF COLE CUITERS (JUSTED (In RECEIVERSHIP)

I John William Papi, Licensed Inselvency Practitioner of Mesers J. W. Papi & Co., 1, Meddox Street, London WIR 9WA, hereby give notice ther on Jist March 1957. I was appointed Administrative Receiver of Cole Cutters Limited under the powers contained in a debenture deted 18th January, 1952. In severe of André Cole.

Dated this let day of April 1957.

JOHN WILLIAM PAPI FIRA JOHN WILLIAM PAPI, FIPA, Administrative Receiver.

THE INSOLVENCY ACT, 1888 IN THE MATTER OF COLE CUTTERS LIMITED (In RECEIVERSHIP)

I John William Papi, Licenced Inscivency Practitioner of Messrs J. W. Papi & Co., I, Maddox Street, London WIR SWA, hareby give notice that on Stb. April 1987, I was appointed Receiver of book debts of COLE CUTTERS LIMITED Under the powers contained in a debenture dated 5th November 1981 in fevour of Midland Bank Pic.

A FINANCIAL TIMES SURVEY North Oxfordshire

The Financial Times proposes to publish a survey on the above on TUESDAY MAY 12 1987 FUESDAY MAY 12 1987

For full details please content:
AMTHONY HAYES

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or write to him at:
George House. George Road
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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
The content, size and publication
the discretion of the Editor
detes of Surveys in the Financial
Times are subject to change at ... 11 10th

LOBHEH LOW

# Ten masters of the quick reply.

1. Dorothy Parker. US writer, critic, wit.

At a party, a bored young man once complained that he could not bear fools. "How odd," countered Dorothy Parker, "Your mother could, apparently."

When asked to use the word 'horticulture' in a sentence, she offered, "You can lead a horticulture but you can't make her think."

Then asked what she thought of a certain woman, she breathed, feigning admiration.

You know, she speaks eighteen languages and can't say 'No' in any of them."

Colliding with a younger woman in a doorway, the latter stood aside, saying, "Age before beauty." "Pearls before swine," riposted La Parker, gliding through.

A friend was upset at having to get rid of his cat. Dorothy Parker suggested, "Have you tried curiosity?

Receiving a telegram announcing another friend's happy event, she immediately cabled back: "Many congratulations. We knew you had it in you."

And on hearing that President Coolidge, a man of few words and even less action, was dead, she inquired, "How can they tell?"

When she first joined The New Yorker money was tight. So much so that when Harold Ross, the editor, asked Parker why she hadn't come in to write a certain piece she replied, "Someone else was using the pencil." married to you ld put

Robert Benchley

American humorist friend of Parker.

Benchley also worked on The New Yorker. On being sent to report on a situation in Venice he cabled the editor, Ross, "Streets full of water. Please advise."

Benchley and Parker shared a small office. When asked how small, he said, "One cubic foot less of space and it would have constituted adultery."

In a speakeasy, a man demonstrated an "indestructible" watch to Benchley and Parker by hitting, dropping and stamping on it, only to find it had stopped. Maybe you wound it too tight," the friends chorused.

Benchley once mistook a senior officer in the US navy for a doorman, asking the man to fetch him a cab. When informed of his mistake, Benchley said, 'Perfectly all right, just get me a battleship then."

A notoriously promiscuous actress asked Benchley to help her in a party game in which guests had to come up with their own epitaphs. His suggestion? "At last she sleeps alone."

Someone asked Benchley if he knew the playwright Robert Sherwood, who was 6' 7" tall. Hopping onto a chair and raising his hand to a level just below the ceiling, Benchley quipped, "Sure, I've known him since he was

At a play which made liberal use of pidgin English, Benchley threatened he would walk out if he heard one more line of it. At that moment an actress announced, "Me Nubi. Nubi good girl. Me stay." Benchley rose and said, "Me Bobby, Bobby bad boy, Me go," and left.

#### George Bernard Shaw.

Playwight, critic, socialist.

Imagine a child with

my body and your brains.

On the subject of an ill-received play, the newly successful Shaw was cabled by a producer now offering to stage the same work

he'd earlier rejected. Shaw cabled back: "Better never than late."

Shaw, once a music critic, was in a restaurant which boasted a tone-deaf orchestra. Its leader recognised him and sent a note asking what he would like them to play next. "Dominoes," replied Shaw.

Liddell Hart once observed to Shaw, "Do you know that 'sumac' and 'sugar' are the only two words in the English language that begin with su and are pronounced shull "Sure," said

And while at a party, Shaw was noticed. standing alone in a corner. His hostess auxiously enquired if he was enjoying himself. "Certainly," he replied. "There is nothing else here to enjoy."

Another would-be hostess sent Shaw the pompous invitation: "Lady Blank will be at home on Tuesday between four and six o'clock." Back it came, bearing Shaw's scribbled reply: Mr. Bernard Show likewise."

At dinner with a young lady, Shaw asked whether she would go to bed with a man for five hundred pounds. Smirking, she replied that it would depend on how good-looking he was, "Would you do it for ten bob?" enquired Shaw. "What do you take me for?" burst out the lady. We have already settled that question," said Shaw, matter-of-factly, "All we are discussing now is the price."

Winston if I were

poison in your coffee.

Oscar Wilde. Aesthate, writer, wit.

Wilde, like Churchill, could make a would-be insulter look quite foolish. Receiving bouquets in a theatre foyer one night, he suddenly found himself presented with a rotten cabbage. He took it, smiled and said, "Thank you, my dear fellow. Every time I smell it I shall be reminded of you."

At Oxford, Wilde had to translate aloud from the original Greek, which he did fluently. Satisfied, his examiners tried to stop him. "Oh do let me go on," he implored, "I want to see

A customs officer once asked him if he had anything to declare. "No. I have nothing to declare," he said, "except my genius."

Asked his opinion of a truly awful play, he replied, "The play was a great success - but the audience was a disserer."

The poet laureateship was vacant and many names, but that of the very minor poet, Morris, were mooted for it. Tr's a complete conspiracy of silence against me," Morris complained. "What ought I to do, Oscar?" "Join it," urged Wilde.

When someone suggested that he make certain alterations to one of his own plays, Wilde protested, "Who am I to tamper with a

Wilde and the artist, Whistler, enjoyed a long-running feud, based on Whistler's claim that Wilde had plagiarized his ideas on art. Wilde retorted, "The only If you were my wife,

original ideas I have ever heard him express refer to his own superiority as a painter over painters greater than himself."

#### 6. James Whistler.

US painter, friendly foe of Wilde.

Whistler often got his own back on Wilde. On the one occasion, after a particularly scintiliating remark from the artist, Wilde exclaimed, "I wish I had said that!" "You will, Oscar, you will," said Whistler.

> A supposed conversation between the two having been printed in a magazine, Wilde cabled Whistler. mocking the article's inaccuracy - "When you and I are together we never talk about anything except ourselves." Whistler

immediately replied, "When you and I are together we never talk about anything except me." A snob asked Whistler what

he replied. When asked if genius was hereditary, he couldn't say:

A well-known bore tried to engage him in conversation: "You know, Mr. Whistler, I passed your house last night —"
"Thank you," said Whistler.

Annoyed by Whistler's constant selfapplause, someone remarked pointedly, "It's a good thing we can't see ourselves as others see us." "Isn't it?" agreed Whistler. "I know in my case I'd grow intolerably conceited."

Some blank canvases he'd ordered got, lost in the post. Asked if they were of any great value, Whistler replied, "Not yet, not yet."

He had wined and dined extremely well at a friend's house. So much so that he promptly fell down the stairs. He demanded the name of his friend's architect. "Norman Shaw," he was informed. "I might have known it," burped Whistler. "The damned tectotaller."

#### Pablo Picasso.

Spanish artist, sculptor and wry wit

Picasso, like Whistler, despaired of poor design, in his case his own. A visitor once found him staring disconsolately at a painting on the easel so, to cheer him up, said, "It's a masterpiece." "No, the nose is all wrong." Picasso said. To throws the whole picture out of perspective." "Then why not alter the nose?" impossible," sighed Picasso. "I can't find it."

An American GI told Picasso he didn't like modern paintings because they weren't realistic; then went on to show him a snapshot of his girlfriend. "My, is she really as small as that?" asked Picasso.

Asked why he had none of his own aintings on the walls of his house, he replied, "I can't afford them."

During the war, an inquisitive Gestapo officer visiting Picasso's flat noticed a photograph of the famous 'Guernica' lying on a table. Did you do that?" demanded the German. "No, you did," said Picasso.

Picasso went to see his local cabinetmaker for a new wardrobe and drew a quick sketch of what he wanted on a sheet of paper. He gave the sketch to the cabinetmaker and asked how much it

would cost. "Nothing at all,"

replied the craftsman, "Just

sign the sketch."

8. Groucho Marx. US comic, maker of snappy remarx(!).

Marx was as wily and direct over money as was Picasso's cabinetmaker. To a letter from his bank manager offering to "be of any service" to him, he replied.

"steal some money from the account of one of your richer clients and credit it to mine." He was forthright about sex, too. As a game-show host he interviewed a

mother of twenty-two children. "I love

explanation. "I like my cigar, too," said

my husband," she offered by way of

me sleep with her."

Groucho, "but I take it out once in a while." Being mistaken for his own gardener one day, a nosey woman asked him how much he was paid. "Oh, I don't get paid in dollars," he replied simply. The lady of the house just lets

Advised not to try to join a reportedly anti-Semitic beach club, Marx replied, But my wife isn't jewish, so will they let my son go into the water up to his knees?"

Groucho was in an hotel lift with, of all people, a group of priests. One of them recognised Groucho and told him that his mother was a great fan of his. "I didn't know you guys were allowed to have mothers." replied Groucho.

A drunk lurched up to Marx, patted him on the back and said, "You old son-of-a-gun, you probably don't remember

me." Groucho lam sorry, sir, you

cannot enter the dining room without a necktie

snapped, "I never forget a face but in your case I'll be glad to make an exception

performance of the actress playing the rôle of Queen Victoria, His reply was immediate and succinct: "I never realised before that Albert married beneath him."

Gilbert Harding snored noisily throughout Coward's play and later on apologized. Coward wouldn't hear of it: "After all, I've never bored you half as

much as you've bored me."

What does this picture represent?



Two hundred thousand dollars.

A dim-witted impresario, no friend of Coward's, blew his brains out. When told, the playwright remarked, "He must have been a marvellously good shot."

Diana Cooper, who considered herself a "serious" actress, saw Coward in one of his own comedies and didn't find him funny. "I saw you in 'The Miracle'," riposted Coward, "and I thought you were a scream."

Following a period of little success as a playwright, Coward was praised as an actor. Twe always said you could act better than you write," sneered the critic, Swaffer. "And I've 🖟 always said the same about you," said Coward.

Despite his growing fame, Coward wasn't always glad of it - celebrity has its drawbacks. On one occasion, he spent an uncomfortable night in a bug-ridden hotel in the Seychelles. "May I put up a sign reading Noël Coward Slept Here'?" asked the manager as his

distinguished and blearyeyed guest checked out. "Certainly," yawned Coward, "if you'll add one word - fitfully."

But you let him

A reporter asked him, Mr. Coward. would you like to say something to the 'Star'?" "Of course," the thespian

10. The Epson PC AX.

The AX is also the smart answer to the problem of quick computers running some software unworkably fast. Operating at 6, 8 or 10MHz, the AX will happily run all the slower computer.

compare with the IBM PC AT on specification? Here's the quick reply: for a start, the AX comes with 640K Ram as standard, whilst the IBM has just 512K.

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All this, yet if you were to ask how its and the IBM's prices compare, the AX could truthfully retort, "They don't." For the Epson PC AX will set you back just £1,999 (+VAT),

If all the foregoing has rubbed off on you a little, now's your chance to try a quick reply of your own: our

Harpo's daughter sent her Uncle Groucho

Warner Brothers threatened legal action

two letters. He wrote back, "... as a matter of

over the proposed title of his next picture, 'A Night In Casablanca' arguing that it was too

close to their own 'Casablanca' Groucho told

them, "I'll sue you for using the word Brothers."

Groucho intensely disliked Columbia's

producer, Harry Cohn. One day he was watching

Cohn's newest film with his brother, Chico.

remarked loudly, "Drags, doesn't it?"

When the words "Columbia Pictures Presents"

Victor Mature/Hedy Lamarr film, answered,

"You can't expect the public to get excited about a film where the leading man's bust is bigger

came up, Groucho turned, looked at Chico and

And asked what he thought of the latest

and the other was strawberry."

fact I got two letters from you. One was manila

in without his hair!

replied, "Twinkle."

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Leaving the theatre on another occasion, he was asked what he'd thought of the

Sir Noël Coward.

Terribly, terribly witty actor/playwright.

than the leading lady's."

Noël Coward too was quick to spot a performer taking too much of the limelight. At his first dress rehearsal a male dancer, not having worn tights before, had forgotten to wear something under them. "For God's sake," hissed Coward, "tell that young man to take his Rockingham ten service out of his tights."

Asked his opinion of a play featuring a child "prodigy", Coward remarked, "Two things should have been cut. The second act and that youngster's throat."

my body and your brains?

countered Churchill. Every time you see comething big, you want to nationalize it." that he hoped to do the same on his hundredth. "I don't see why not," said

In a later year, it was tactfully pointed out to Churchill that his fly was open. The elder statesman simply scowled and said,

And when a very old man, on one of his increasingly rare visits to the House of Commons, an MP remarked of him, "After all, they say he's potty." "They say he can't hear either," muttered Churchill.

War leader and one-liner extraordinary. could have possessed him to have Churchill was one of the few people to been born in Massachusetts. T et the better of Shaw. The latter invited him to wished to be near my mother," the first night of his play, enclosing two tickets: "One for yourself and one for a friend — if you have one." Churchill wrote back, saying he

ld drinkit.

couldn't make it, but could he have tickets for Heaven has granted me no the second night — "if there is one." offspring." A critic once censured Churchill for ending a sentence with a preposition, Churchill scribbled the man a note: This is the sort of

4. Sir Winston Churchill.

On being told the name of a certain MP was 'Bossom', he said: "I see. Neither one thing nor the other."

English up with which I will not put."

While on hearing that the Greek premier was called Plasteras, remarked, "Well, I hope he doesn't have feet of clay, too."

And to a female MP who once rebuked him for being intoxicated at a dinner party, Churchill retorted, "And you, madam, are ugly. But I shall be sober tomorrow."

Entering the Commons washroom one day, Yes, but what if it had Churchill deliberately took up position at the opposite end of the urinal to Clement Attlee, who asked, Teeling standoffish today, are we, Winston?" "That's right."

> The young man who photographed him on his 80th birthday said courteously Churchill. "You look reasonably fit to me."

"Dead birds don't fall out of nests."

Hardy Holzman Pfeiffer Asso-ciates the museum is expand-ing considerably. These archi-tects have had the task of plan-

What Hardy Holzman

#### Architecture/Colin Amery

# Japanese waves break over the West Coast

There is a new sequel to the old refram, "Go West Young men": it should say, "Go West for the influence of the East." It may just be geography that explains it—after all there's nothing much except the Pacific between Los Angeles and Japan. In both San Francisco and Los Angeles the strongest arentectural and design currents are those coming in waves from Japan.

Tokyo Form and Spirit is the title of a major exhibition that has just triumphantly concluded a visit to the San Francisco God a visit to the San Francisco Museum of Modern Art. Although this show originated in the Walker Art Centre in Minneapolis and went to New York, the large scale layout in San Francisco and the involvement of the Asian Art Museum in that city made it especially

spectacular.

It is an exhibition that should travel the world, simply because in exhibition terms it is so highly innovative and enjoyable. The best Japanese architects play a large part in this evo-cation of a city by designing a series of walk-through environ-ments that display six themes of modern day life in Tokyo.

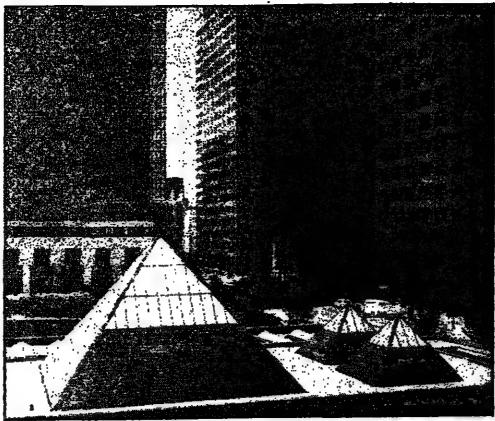
Arata Isosaki'a Performing space designed with Esko Ishoka is a brilliant parody of a Shinto shrine housing a column of video monitors, and a class performance platform class performance platform housing 63 televisions constantly showing amazing Japanese tele-vision commercials. The whole display pays homage to the "Wired God" of video and television. There is throughout the exhibition a telling willingness to explore the ubiquitous con-sequences of Japan's mastery of micro-technology and its con-

Artists like Hiroshi Hara use robotic figures and the programmed flickering diode to examine the role of Working in contemporay Tokyo. The human and the mechanical aspects of urban creativity are what this exhibition is about. Being designed by the very best Japanese artists, the show also has that calmness and abstract order that are qualities much admired on the West Coast. The hideousness of so much of Los Angles — the freeway detritus — has at last created a demand for austerity

One such oasis is to be found of any kind and rely for their success on proportion and scale.

December last year in a sluminum with pink bands in between.

Isosaki, It is in the region of the sprawl of LA known as Burker Hill or "the new downtown." The 186 acres of redevelopment stretches east of the Harbour Freeway from the renovated Biltmore Hotel and Pershing Square to the Los Angeles Music Centre. The new museum has been described by the architect as "a village to turn the solid walls to turn the solid walls to fairly about them—they are clarity about them they are clarity about them. at the new Museum of Contemamong the skyscrapers," and it into walls of water. is a pretty accurate description.



Pyramid-shaped skylights on the Museum of Contemporary Art's new home in the downtown Los Angeles business district

Anything by Isosaki is beau-tifully composed—he favours an abstract base but in silhouette and materials there are intelligent and intriguing historical references. Not for nothing is the initial sketch for this building reminiscent of a range of pyramids surrounded by waving palms in an urban

desert.

Because of the anonymity of its commercial neighbours, particularly the bland glass cylinder by Arthur Erickson, Isosaki selected powerful and colourful materials for his museum. A strong red Indian (from India) sandstone sheaths most of the building in alternating bands of polished and uncut stone. To emphasise the independence of the museum from its neighbours it is broken from its neighbours it is broken up into several partitions and parts of some of these are clad in panels of dark green aluminum with pink bands in

things about the exterior. You expect the huge oversailing way sweep of the public reakm. Isosaki has made an intelligent dows to mark the main entrance. The form is reminiscent of the Gumma Prefectural Museum in Japan but the City of Los Angeles has acquired this museum for nothing—it has been given by the devaluance of the running. and just shelters a somewhat cute pink and green box that dispensed the tickets.

The main entrance is down

the courtyard steps — giving all the galleries a somewhat enbterranean feeling. The major galleries that are top-lit by the pyramids have an excellent the pyramids have an excellent light but there are some surprising lapses; the long space linking the north and south galleries is disappointingly tunnel-like. Isosaki has explained that his galleries here are to be neutral backgrounds for modern art installations. They have therefore no detail of any kind and rely for their success on proportion and scale.

nothing — it has been given by
the developers of the surrounding California Plaza — a gift
worth \$23m. It is also exceptionally good value, some 98,000
so ft of good space and a very
high quality of design.

It is important if you are in
Los Angeles to visit the other
half of the Museum of Contemporary Art — known as the

half of the Museum of Contemporary Art — known as the Temporary Contemporary — a former warehouse brilliantly converted by Frank Gehry. I have to say that this kind of raunchy soace really suits large scale modern art better than the too-smooth "fine art" galleries. The Temporary Contemporary, for me, brought the installed works to life in a way that the undoubted elegance of Isosaki's museum does not. Isosaki's museum does not. In its determination to con-In its determination to com-solidate its status as an im-portant city of art, LA has re-cently opened the large addi-tion and first stage of a renova-tion programme for the Los Angeles County Museum on Wilshire Boulevard. It is the new Robert O. Anderson build-ing that you first see as the

becoming a city that will have to be high on any itinerary for lovers of things Eastern as well as American All this activities into walls of water. thing about it is its sense of new doorway to the museum. poses quite a challenge for the There are some misleading civilised scale in a city where Working to a master plan by growing Getty. . . .

Los Angeles is undoubtedly:

look ponderous.

# The Mystery of Edwin Drood/Savoy

#### **Michael Coveney**

Dickens died before complet-ing Edwin Drood but not before suggesting that the lawyer's clerk Bazzard was a frustrated playwright. This has prompted all manner of theatrical elabo-rations on the old stump of a mystery and Richard Holmes, who prepared this version for Joseph Papp and Broadway where it won five Tony awards in a lean year, goes the whole hog and frames the story in

ning an enlarged and improved circulation that includes the original 1960s buildings by William Pereira and Assocites, who had designed a bland Lincoln Centre for the arts, surrounded by a most and Victorian music hall.

The actors teem through the Savoy shouting for volunteers to take votes at the end of the to take votes at the end of the show and hailing customers in the galleries. This terrible brou-haha yields Ernie Wise as the chairman of the Music Hall Royale introducing the charac-ters and informing us that our votes will decide who murdered Edwin

What Hardy Holzman Pfeiffer have done is to insert a powerful wedge of glass brick, stone and terracotta building into the central space between the three original boxes. It is like finding a huge slice of rich fruitcake sandwiched between three moist, white sliced loaves. On Wilshire Boulevard the appearance of the Anderson building is an effective section of the sort of great Deco/Moderne buildings that are some of the best things in Los Angeles. The use of terracotta and stone is very effective and pleasing. The adoption of roles allows for mugging and gesticulation but not for much in the way of laying down motivation. If you treat the evening as a panto-mime and vote on a hunch or because you preferred one per-former to another you may feel satisfied. I found the proceedvery effective and pleasing.

The new approach formed by this new block leads through a long cloistered stair with the names of the donors inscribed on dark granite walls behind a pool. This is ghastly — like ings so much of a mess, the mechanics so tawdry, that voting mechanics so tawdry, that voting for anyone was out of the ques-tion. The company is allowed to declare that Edwin is murdered and not missing, at which point Julia Hill's limelight-grabbing male impersonator storms off the premises only to return as a risen Lazarus spreading for-siveness and nious centiment. a pool. This is ghastly — like a visit to crematorium or jazzy war memorial. However things improve in the covered courtyard and the interiors of the new galleries (some 50,000 sq ft for 20th-century art) where the light filtered through the louvred glass bricks on the side walls makes for good and interesting lighting conditions.

The planning of the galleries giveness and pious sentiment.

Many Droodists, notably Leo

Garfield who completed the movel seven years ago, have made Edwin's uncle John Jasper a schizoid precursor of Jekyll and Hyde. Mr Holmes paints him thus and David Burt The planning of the galleries in a formal enfilade on the top floor with tentative detail around the door openings is effective. Bridges link the old and pew buildings, and the sentition of going in and out of adds a vampiric touch not unlike the Phantom's occupa-tion of the innocent soprano in Leroux and Lloyd Webber. The and pew buildings, and the sen-sation of going in and out of the sunshine is agreeable. There is an ingenuity that is impressive about this extension—it makes the earlier build-ings with their good mixture of Eastern and Western art look incredibly old fashioned and dowdy.

The steer event of next year best song (words, music, even the orchestrations, are all by Mr Holmes), "Moonfall" reveals Jasper turning lupine at the keyboard while his pupil Rosa Bud. Edwin's flances, obeys his nucleal whim

Bud. Edwin's fiances, obeys his musical whim.

There is a poisoned operatic romanticism to this item, but the musical style elsewhere is stuck in an old-tashioned no man's land between music hall and the D'Oyly Carte, so at least the London producers have found the right address. Ernie Wise shuttles us pleasantly, with the odd geriatric gag thrown in, between a picture book eathedral town and the opium den in London run by the Princess Puller, where Jasper is treated to an orgiastic dream of sex and murder peopled with naked harpies and stoned Pan people and dowdy.

The great event of next year will be the opening of the new (inevitably) Japanese Art Pavilion. Mr and Mrs Joe Price have donated their outstanding collection of Edo period paintings to be housed in a building designed by that wonderful maverick architect Bruce Goff.

It was the last thing he demaverick architect brites Gon.

It was the last thing he designed before he died and it looks in drawing form as though it will be an extraordinary structure, with suspended roofs and translucent walls. Japan will dominate in a way that is likely to make Hardy Holsman Pfeffer's worklook ponderous.

and directed by a Lebanese woman, implicitly offensive to every political faction in the Middle East, yet filmed on loca-

language scenario, which assumes some knowledge of

viewers even in tonight's sub-

titled version, especially as the film lacks a central story line.

tion in Syria and Laban



Lab

eiderdown. The estimable Lulu is Puffer

and we have far too little of her for my money. The role was sung on Broadway by Cleo Laine and although Lulu has a much rougher voice, its range is big snough to encompass some severe demands upon it. And she has a delightful stage

The Landless brother and sister prove more problematical. The murder of Neville is cut and Helen, at least in the First Night version, has an unex-plained lisping accent veering between stage Indian and Spanish The biggest mystery of all in Dickens is the late arrival in Cloisterham of Datchery and his curious bedroom habit of notching up private memoes in his cupboard. You will have to vote on the identity of Datchery; then on who murdered Drood; and finally on which couple live happily ever after—quite im-plausibly, we saddled Puffer (scrappily identified as Rosa's grandmother) with Phil Rose's

earth-larding alcoholic stone-mason Durdles. Bazzard, always longing for

who crawl out from under his larger parts and deserving his chance in the likeable shape of Paul Bentiey, is a thespian whose wages hardly cover the train fare from Peterborough. The chairman has to take over Mayor Sapssa from an indisposed colleague while, in real life, the American Patti Cohenour stood in most ably for Sarah Payne.

American

federal Inc

Kraft, inc.

This is not so much an adoption as a musical jape and not very much of a transatiantic response to the RSC's Nicholas Nickleby. It is alleged that there are 700 alternative endings which I take to be an admission of the enterprise's weak. ings which I take to be an admission of the enterprise's weakness. Why bother solving the mystery at all if you can just arrive at any old conclusion?

Wilford Leach's direction is sloppy at the edges and the choreography by Graciela Daniele is ordinary. The band is strong under the musical direction of Jae Alexander, and a word of commendation for Bob Shaw's receding perspective designs and colourful proscenium tabs and flats. The sound system needs attention, as does audibility among the

# Benvenuto Cellini/Maggio musicale

#### William Weaver

occasion for rejoicing; and for the festival's inaugural performance there was all the apparatus of a gala; glittering additional of the Teatro Commande.

On slage, the sort of rarity that the Magnio, since 1933, has revived with flair and taste; Berlack's Dearcanto Cellini, last seem of the Covent Garden provident in the Covent Garden provident in the Covent Garden production visited La Scala, and virtually unknown to the Covent Garden production visited La Scala, and virtually unknown to the Covent Garden production visited La Scala, and virtually unknown to the Covent Garden production of the Cellini salt-cellar, only to the conducting of the Cellini salt-cellar, only to the Cellini salt-cellar, only to the Cellini salt-cellar, only to carnival? And why somm interpretation.

Sylvano Bussotti designed the accompanied by cardinals wearing pastel shades—sets and costumes. After the traditional, handsome Gioconda activity to make the Commande the Cost of the Cellini and the conducting of the Soviet and ill-conceived.

Sylvano Bussotti designed the accompanied by cardinals wearing pastel shades—sets and costumes. After the conduction, handsome Gioconda activity and though this florence presentation had some in the Cost of validy and alternately the opera is traditional, handsome Gioconda activity and the conduction had some is be created at the Commande at the Commande finally activities of the cost of the set and costumes. After the conduction, had some good qualities, it seemed finally autumn, we could legitimately hope he would invent a plauspic produce at the Commande the conduction of the Rome. But, instead, he succumbed to a Zeffreill-like producer Elijah Moshinsky character the straditional, hadsome Gioconda autumn, we could legitimately hope he would invent a plauspic produce at the Commande in the Co

The 50th Maggio musicale country's opera houses before effered Florence an excellent that. Cellini, after all, was a superficial effect—volume and occasion for rejoicing; and for Florentine; an so the Berlioz speed—than on nuanced the festival's mangural performance there was all the was also patriotically Sylvano Bussotti designed the push it across the stage once, aimlessly, during the Roman carnival? And why should the Pope be accompanied by carnival sylvano Bussotti designed the

cluttered, and to no purpose. Moshinsky's own ideas were not

Pat Smythe Award The Pat Smythe Trust has given its second annual award for outstanding young jazz musicians to saxophonist Julian Arguelles.

The award of £1,000 was presented by Ronnie Scott at a concert last week at Univer-sity College School Theatre, Frognal, NW3.

## Leila and the Wolves/Channel 4

#### **Edward Mortimer**

The very existence of Letta been too lacerated and frac-and the Wolves (tonight, tured by colonial power to fit Channel 4, 10 pm) is a triumph into those next scenarios." sion is used as cover for a gun-running mission to the rebels under the noses of the British of artistic ambition over seem. That is cant. Next troops, with the luckless boy-That is cant. "Nest

of artistic ambition over seem. That is cant. "Neatingly insurmountable odds: a scenarios" are and always were full-length feature film written an artistic device, not an exact an artistic device, not an exact portrayal of social reality. But the artist is free to do without them, provided he/she has something else to hold the public's attention — and Heiny Strum does

The British Film Institute and other Western co-producers showed courage and imagination in backing this Arabic-Her theme is that women have been the unsung heroines and martyrs of political conflict in Palestine and Lebanon, from who are goodies and who badden and the 1920s to the women't. This Palestine and Lebanon, from the 1920s to the present. This is illustrated in a series of short sketches, all using the same actors and all conjured up by 20th-century Middle Eastern history: problematic for western film lacks a central story line.

Heiny Srour, the director, has
justified this on the grounds
that "those of us from the
Third World have to reject the
ideas of film narration based on
the 19th-century bourgeois
novel with its commitment to
harmony. Our societies have

friend cast as a native police-man in khaki shorts: "what a handsome man! Such a pity he is a traitor..." The picture of Palestinian folk culture with its traditional music, costumes and humour is so charming that one feels real sadness at its approaching destruction.

dies — as the continuation of the Palestinian conflict. Now girls join in the fighting directly. The men accept them the female lead (Nabila as comrades-in-arms, yet concerning to refute the remark of her boyfriend (Rafic Ali Ahmed) that "women played no part in politics in those days".

The traditional order with its institutionalised oppressions of these days ". The most attractive of these sion of women lies shattered. sketches is set in a Palestinian But a new order in which they hill village during the Arab revolt of 1936-39. A briadi procession of 1936-39. A briadi procession as far off as ever.



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# Arts Guide

appears each Friday.

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednes

LONDON

Music

Halle Orchestra conducted by Stanislaw Skrowaczewski with Walter Klein, piano. Mocart and Mahler, Royal Festival Hall (Mon). (928 3191).
Dietrich Fischer-Dieskan, baritone, with Hastowy Höll piano Mahler. Dietrich Fischer-Diessian, baritone, with Hartmut Holl, piano. Mahler. Queen Elicabeth Hall (Mon). (928 3191). London Symphony Orchestra conduct-ed by Jeffrey Tate with Kyung-Wha Chung. violin. Beethoven and Brakms. Barbacan Hall (Tue).

Jacques Loussier, Royal Festival Hall (Tue).

London Symphony Orchestra conducted by Neeme Jarvi with Jan-Erik Gustafsson, cello. Rachmaninov, Tchaikovsky and Prokofviev. Barbi-can Hall (Thur). Dietrich Fischer-Dieskan with Har-

mut Höll, piano. Wolf. Queen Eliza-beth Hall (Thur).

PARIS

Ensemble Orchestral de Paris with Philippe Entremont, conductor and pianist, Philip Bride, violin: Rossini, Viotti, Mozart (Mon), Salle Pleyal

Viota, Mozart (2001), Salie Preyal (4561 0630).

Baroque Mussie: Allessandro Scarlatt's II Trionfo Dell'Onore (Mon), La Chapelle Royale conducted by Philippe Herrenweghe-Purcell, Rach (Tue), TMP-Chanelet) (4233 4444).

Orchestre and Chair Paul Knentz: concerts for the young aged be-tween 7 and 77 years - Calmel, Saint-Saens, Prokoviev (Tue). Saint-Severin church. (4563 7855).

Emile Naoumoff, piano: Ravel, Rach-maninov, Schumann (Wed). Salle Gaveau. (4502 8971).

Baroque Music: Lully's Alceste in con-cert version conducted by Jean-Claude Malgoire (Thur). TMP-Chatelet. (4233 4444).

Orchestre National de France conduct-ed by Vaciav Neumann: Mahler's Symphony no 5 (Thur). La Vilette, La Grande Halle. (4249 7722). Organ Recital by Michele Guyard: Boyvin, Haydn, Saint-Saens, Schn-mann (Thur). Saint-Louis de la Sal-petriere Chapel. (4524 1516).

**WEST GERMANY** 

Berlin, Philharmonie: The Berlin Philharmonic Orchestra, conducted by Edo de Waart Mozart and Elgar.

Munich, Philharmonie im Gasteig Kulturzentrum: The Baltimore Sym-phony Orchestra under David Zin-man, Schumann and Prokofiev. (Tue).

Frankfurt, Bavarian Radio Symphony Orchestra, conducted by Sir Colin Davis, Haydn and Bertioz. (Wed).

#### NETHERLANDS

Amsterdam, Concertgebouw. Marie-Jeanne Dufour conducting the Meth-erlands Philharmonic, with Olga Martinova, violin, Herre-Jan Ste-genga, cello, and Alexander Waren-berg, piano: Beethovan. (Treat piano: Beethoven. (Tue). Vienna Chamber Orchestra conducted by Anthony Bramall. Fuerst. Stamitz. Mozart. Konzerthams Schubert Saal. (Thur). perg, pla (71 83 45).

Utrecht, Vredenburg, Marie-Jeanne
Dufour conducting the Netherlands
Philharmonic, with Olga Martinova,
Philharmonic with Olga Wartinova,
Philharmonic with Olga Wartinova,
Philh

and Alexander Warenberg, plano: Beethoven. (Thur). (31 45 44).

Massiricht, Cultureel Centrum. The Concertgebouw Chamber Ensemble with Jaap van Zweden, violin, and Anke Anderson, harp. (Tue). (21 33 00).

Greningen, Costerpoort. The Amsterdam Baroque Orchestra conducted by Ton Koopman: Haydn, Mozart. (Thur). (13 10 44).

ITALY Milan, Teatro alla Scala: Carlos Kleib-

er conducting Mozart and Brahms. (Mon). (809 126). Bologna, Teatro Comunale: Beethoven conducted by Roberto Abbado, (Thur). (529 999).

Bome: Chiese di S. Agnese in Agune (Piazza Navona): Gonfalone Cham-ber Orchestra (with violinist Pas-quale Pellegrino), Vivaidi. (Thur). (8875 059)

YENNA

Bruno Leonardo Geiber, piano. Mo-zart, Schumann, Beethoven, Liszt. Musikverein. (Mon). Vienna Hofburg Orchestra. Waltzes and light opera. Konzerthaus Mo-zart Saal. (Tue, Thur).

Vienna String Quartet. Mozart, Eder, Dvorak. Musikverein Brahms Saal.

Guye, cello. Reger, Suterm Franck. Musikverein. (Thur).

May 8-14

**NEW YORK** 

Carnegie Hall: Canterbury Choral Society and Orchestra. Charles Dodsty Walker conducting. Mahler (Mon); Philadelphia Orchestra. Riccardo Muti conducting, Jessye Norman soprano with Choral Arts Society of Philadelphia directed by Sean Deibier. All-Berlioz programme (Tue); Cleveland Orchestra. Christoph von Dohnaryi conducting, Rudolf Serkin piano. Mozart, Bruckner (Wed); Collegiate Chorale. Bobert Bass conducting. All-Mozart. Programme (Thur). (247 7800). (Thur) (247 7800).

William Concerts (IBM Gallery):

Dover Chamber Orchestra, Handel,
Holst and others. (Wed, 12 30), 58th

& Madison.

New York Philharmonic (Avery Fisher Hail): Andrew Davis conducting, Cho-Liang Lin violin. Mussonssky, Tchaikovsky, Prokofiev (Tue); Ginseppe Sinopoli conducting, Gdon Kremer violin. Gabrieli, Berg, Schumann (Thur). Lincoln Center. (874 2424).

WASHINGTON

National Symphony (Concert Hall): Rafaei Fruhbeck de Burgos conduct-ing, Jose Feghali piano. Stravinsky, Liszt, Beethoven (Tue); Rafael Frohbeck de Burgos conducting, Birgit Finilse contralto. Mahler (Thur). Kennedy Center. (254 3776).

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting, Mahler (Wed, Thur). (485 8111).

## London Philharmonic/Festival Hall

#### David Murray

with Kians Tennstedt out of action still, the LPO has been lucky with its substitute conductors. A week ago the young Franz Welser-Möst (not "Wesler," as misprinted in my review) led a cultivated and moving performance of Brahms' Deutsches Requiem; and on Friday the veteran Sir John Pritchard took over the scheduled Strauss and Schubert with resounding success.

The Strauss was Don Quizote,

The Strauss was Don Quizote, his "Fantastic Variations on a Theme of Knightly Character." The guest cellist for Quixote was Heinrich Schiff, abetted by the LPO's own Rusen Glines as the viola Sancho Panza. (The advantage of a tone poem over an opera was immediately apparent: each of those excellent performers happens to look like natural casting for the other character.) Schiff lavished as many thoughtful subtleties on his part as he would on, say, a Beethoven sonata, and so much committed fervour that amid his pizzicato "drop of water" (after the knight has suffered a ducking) he broke a

water" (after the knight has suffered a ducking) he broke a string.

Pritchard waited good-humouredly during the ensuing repairs, and took up the music again without any drop in concentration. He had begun it most ingeniously—a little wan and woozy, almost fragmented: distracted Quixote to the life! Thereafter, the energetic variations got full value, but always within the overall character of gently troubled musing. Dull critics used to be sniffy about

With Klaus Tennstedt out of Strauss's muted brass sheep,

to disappear under the brass. Gradually one realised that this performance was none the less performance was none the less exercising a trimendous grip, vital and almost brutal. A "Bravo!" from the Grand Tier after the Scherzo was startling, but well deserved; and the Finale was towering, relentless and formidable.

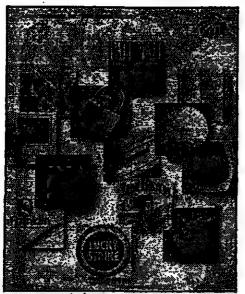
#### 38th Bath International Festival

The 38th Bath International Festival will run from May 22 to June 7 and feature music, musicians and art from both

 $\chi_{\rm CC} \approx M^{g_h} H^{g_h}$ 

# North American Companies Investors Update

Part 1 was featured on May 6th.



American Brands, Inc.

American Brands is a worldwide helding company with two core businesses—packaged consumer goods and financial services. 1986 sales were a record \$8.5 billion and net income was \$365.3 million, or \$3.18 per share.

American's subsidiaries produce such well-known produces as a manifold, Carkon, Lucky Strike and Tareyton cigarettes, Sunshine cookies and crackers, Master locks, Jim Beam bourbon, Titleist, Pinnacle and Carackers and products, Swingline staplers and Jergens and Security and Se



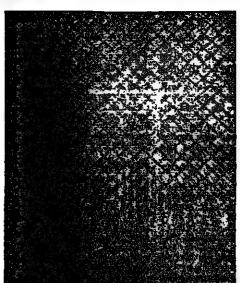
**CSX** Corporation

CSX Corporation is much more than a milroad, it's now a full service mansportation company offering One-Stop Shipping (SM) by rail, burge, truck and container ship. Early this year, the company's purchase of Sea-Land Corporation won approval, which means that CSX service now circles the globe. With nearly \$13 billion in serets, CSX also operates business groups in energy, properties and technology, adding diversified strength to its principal transportation group.



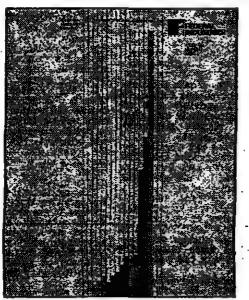
Elbit Computers Ltd.

Headquartered in Haifa, Israel, Elbit Computers Ltd. (NASDAQ:ELETF) is a technology-based company, applying advelectronics systems, products and services to business opportunities and industrial markets to government and commercial defense and industrial markets to government and commercial customers. Fiscal 1986 revenues were \$169.4 million while pre-bax income was \$22 million, a 19 percent increase over the previous yea Export sales represented 55% of total revenues. Backlog at year-end was \$254 million. For the first nine months of fiscal 1987, ended December 31, 1986, consolidated revenues were \$117.3 million and income before taxes amounted to \$15.6 million.



Engelhard Corp. (NYSE:EC)

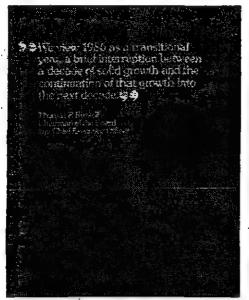
1986 net earnings increased 25% on the strength of new specialry chemical products, market share gains and improved operating efficiencies. Dividends were increased during the year and again, recently, in conjunction with a three-for-two stock split. In its Annual Review 1986, Engelhard's commitment to advanced technologies is documented in customer case histories with 32 leading



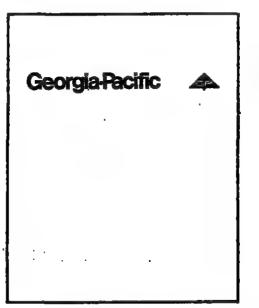
Federal Industries Ltd.

Rederal Industries is a diversified management company, is Winnipeg, Canada, and involved in a variety of business manufacturing to transportation and distribution to special throughout North America.

In 1986, for the first time in the Company's history, sales succeeded & billion. More importantly, net income and fully diluted earnings per share grow for the third year in a row.

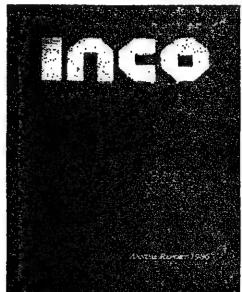


**Federal-Mogul Corporation** 



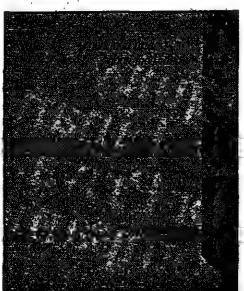
Georgia-Pacific

1986 was a year of solid performance for Georgia-Pacific. Net income rose 58% over 1985 to \$296 million. Sales reached \$7.2 billion as compared with \$6.7 billion the psevious year. In the fourth quarter the dividend increased to 25¢ per share. And we continued to improve productivity and upgrade our product mix. Send for more good news in our annual report, in print or video.



Inco Limited

Inco Limited is the non-communist world's leading producer of nickel and a substantial producer of copper, precious metals and cobait. In addition, Inco is the world's largest supplier of wrought nickel alloys as well as a leading manufacturer of blades, discs, rings and other forged and precision-machined components made from special alloy materials. The Company is also a major producer of sulphuric acid and liquid sulphur dioxide, and has other interests in metals, venture capital, mining equipment manufacturing, and engineering and technology sales. For 1986 Inco reported net sales of \$1,452 million (U.S.).



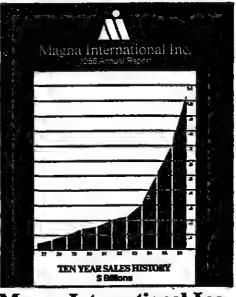
Kraft, Inc.

Kraft, Inc. is a multinational food and consumer products company with 1986 sales of \$8.7 billion. Food products marketed under such brand names as Miracle Whip. Philadelphia Brand, Velvesta, Breyers and Lender's, as well as sales to foodservice and industrial customers, accounted for 89 percent of sales. Consumer products is represented by Duracell Inc., the world leader in consumer alkaline batteries.



LAC Minerals Ltd.

LAC's 1986 Annual Report contains a special section titled
"A Strategic Approach to Mining". It gives insights into the business
and philosophical approach on which LAC's success has been
founded... success that includes production of more than one million
conces of gold in the past five years. The Report also provides
deniled information on operations and exploration activities including
production and reserves figures. LAC Minerals is a major North
American gold producer with interests in plantum-palladium,
limestone, oil and gas.

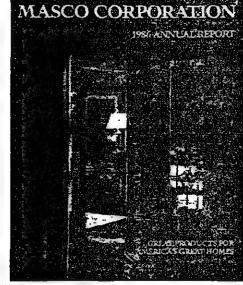


Magna International Inc.

Magna International Inc. designs, develops and manufactures a diverse line of automotive components and systems for sale primarily to original equipment manufacturers. Our unique corporate culture allows Magna to make a better product for a better price; and that in turn has given us continued growth averaging 30% annually in sales and profits.

In 1986 earnings increased 24% to \$47.3 million.

The Company has more than 85 facilities in North America and one in West Germany. Magna is a public company. Its class A shares are listed on the Thronto Stock Exchange and with NASDAQ in the United States.



**Masco Corporation** 

MASCO CORPORATION, a UNIQUE GROWTH COMPANY with leadership market positions, has reported 30 CONSECUTIVE YEARS OF EARNINGS INCREASES. Sales and earnings during this period have increased at average annual compound rates of approximately 20 percent.

Masco manufactures Building and Home Improvement Products and Home Furnishings and Other Specialty Consumer Products. Home Furnishings and Onier specially Consinier Products.

Send for our 1986 Annual Report to learn why, we believe, Masco's carnings will commune to grow at an average annual rate of 15 to 20 percent annually over the next five years, with our sales in 1991 approaching or exceeding \$3 billion.

					Part of 3 page series appearing May 6th, 7th and 8th.
Please send me the following.  13 American Brands, Inc.  14 CSX Corporation  15 Elbit Computers Ltd.  16 Engelhard Corp.  17 Federal Industries Ltd.  18 Federal-Mogul Corporation	Annual Reports:  19 Georgia-Pacific  20 Inco Limited  21 Kraft, Inc.  22 LAC Minerals Ltd.  23 Magna International Inc.  24 Masco Corporation	"I also want these annual report  1 01 American Brands, Inc. 1 02 American Express 1 03 Ameritech 1 04 Ametek 1 05 Amfac, Inc. 1 06 Bank of Montreal	☐ 11 Comsat ☐ 12 Crossland Savings, FSB ☐ 25 American Brands, Inc. ☐ 26 Masco Industries ☐ 27 Nova, An Alberta Corp. ☐ 28 Pegasus Gold, Inc.	☐ 33 Royex Gold Mining Corp. ☐ 34 Tonka Corporation ☐ 35 Transamerica Corp. ☐ 36 Triton Energy Corporation ☐ 37 Trizec Corporation Ltd. ☐ 38 Unicorp Canada Corporation	Name Position Company Address
		☐ 07 Bell Canada Enterprises Inc. ☐ 08 Bombardier Inc. ☐ 09 Carter Organization, Inc. ☐ 10 Charter Medical Corporation	☐ 29 Placer Development Ltd. ☐ 30 Provigo Inc. ☐ 31 Reynolds Metals ☐ 32 RJR Nabisco, Inc.	☐ 39 Lincoln National Corp. ☐ 40 McDonald's Corp.	Please return coupon by June 30, 1987.

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# **FINANCIAL TIMES**

Telegrams; Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Monday May 11 1987

# The onus is on Botha

The surge of support for the far right deals a severe blow to the slim hopes that the ruling National Party would revive the stalled reform process, while the likelihood that Pretoria will play an even more aggressive, destablising role in Southern Africa increases, President P. W. Botha may continue to talk of reform but the record materialise, but clearly its time of the last two years and the nature of the election campaign nature of the election campaign calls into question his commit-

on the face of it. President Botha achieved a parliamentary triumph, increasing his party's strength from 126 to 133 in a 178 member house. But further consideration may suggest that by calling the election the President has made a second fundamental in misjudgment in for black aspirations, has simi-larly antagonised blacks, who last week stayed away from workplaces and schools in the workplaces and sensols in the largest protest the country has seen. Even the moderate Chief Mangosothu Buthelezi, who saw the votors in Natal shift to the right in a clear rejection of the multiracual administration the Zulu leader had advocated for the province now speaks in apportant of the province the sensol that the province had advocated the province now speaks in the sensol that the senso the province now speaks in apocalyptic terms about the probable conflict ahead.

#### Black aspirations

Within the National Party itself Mr Botha may prove to be
a liability. For those who fear
the far right challenge at the
next election, due in 1989, the
President's association with
reform — albeit limited — may
be a disadvantage. For those
in the party who advocate
change, Mr Botha would not
seem to be the appropriate seem to be the appropriate leader. Either his heart has never been in meaningful re-form, or the man who said that South Africa must adapt or die

white politics is now going to be dominated by a National Party bankrupt of ideas as to solution

THE SOUTH African election and looking over its shoulder result comes as no source of at far right parties, who, in comfort for the Republic itself or for the region as a whole. The surge of support for the far support, augurs ill for South

The outcome of the election

does not make matters any easier for Western governments, whose influence on Pretoria has always been limited. The selective econoconsideration may suggest that mic sanctions imposed by the by calling the election the West last year were designed resident has made a second fundamental misjudgment in to cripple the South African not to cripple the South African not to cripple the South African necountry's political crisis. The first was his introduction in 1984 of a new constitution doubts in Western capitals which created a tricameral parliament with separate chambers mitment to change. In the wake for whites, indians and which created a tricameral parliament with separate chambers
for whites, indians and
coloureds (non whites). This
rebuff to black demands for a
place in a national legislature
helped fuel the unrest that
gathered force that year.

The 1987 campaign by the
National Party, offering no
realistic constitutional outlet
for black aspirations, has simiare claiming that sanctions have helped drive whites back into the lazger from which they may have been slowly emerg-

ing.
It may turn out that there is little the West can do at this stage at least, to help avert the in South Africa. But Western governments can help ameliorate the potential consequences for the black-ruled states in the

buting to this by supporting the Southern African Development Co-ordination Conference, the association of nine countries which has made transport rehabilitation a priority. Britain is also assisting Mozambique, whose railways and ports are vital to the strategy, train an army which is defending those facilities from attacks by rebels

return to the process of reform The prospect, however, that which he himself once advocated and which seemed to pro

region by assisting them to reduce their transport and trade links with Pretoria.

Britain is already contri-

victory will encourage him to to his country's

# CAN AMERICA MAKE IT? In the first of a series, Guy de Jonquieres and Anatole Kaletksy

seek reasons for the dramatic decline in American industrial performance

# The enemy within

is being forced to acknowledge that its period of unchallenged leadership is over.

In an increasing number of sectors it is being relegated to the role of follower. For a nation which has long taken for granted its place at the centre of the economic firma-ment, the psychological blow has been profoundly unsettling. "There is a deep anxiety in our country that something is wrong," says Senator Max Baucus (Democrat), a cofounder of the congressional

caucus on competitiveness, a bi-partisan forum created to legispartisan forum created to legislate on economic and trade issues. "This is all new to us. We always assumed that our products were the best, that we were the envy of the world. Now we're losing jobs, we're buying all these products from Japan and we are being beaten. But we have seen the enemy and he is us."

The persistence of a huge trade deficit which, in dollar terms at least, has been slow to respond to the steep devalua-

terms at least, has been slow to respond to the steep devalua-tion of the past 18 months, is only one index of the melaise. For many Americans, the most telling evidence has come from watching one domestic industry after another battered by inten-elical internetional competition sified international competition, above all from Japan and the Pacific Rim.

In the manufacture of basic steel, motor cars, machine tools and many categories of con-sumer products, the US has been forced into disorderly retreat and, in some cases, surrender. Despite such setbacks, the US

rate of unemployment is still among the lowest in the world. But the shock of seeing their proudest industries humbled and their national Treasury descending into debtor status has drawn Americans' attention to disturbing features in their economy's enviable record of

For the new jobs have been created at the expense of a dismal record of productivity growth and a marked decline in living standards. Indeed, pro-ductivity and living standards, rather than budget deficits or who continue to win backing, from South Africa.

In the last analysis the ball is in Mr Botha's court. It can only be hoped that his election only be hoped that his election of the state competitiveness issue.

In the past 10 years, business output per man hour has grown by a meagre 0.9 per cent a year. Although productivity has increased rather faster, it has failed to keep pace with improvements in key competitor economies. With the petitor economies. With the But whether anybody other collapse of the dollar, America's than the pulp and paper indusper capita gross national protry will be much better off is duct, the broadest measure of doubtful. Competitiveness is an

around services is hardly alluring, neither can the US take refuge in the assumption that its superiority in high-technology will win the day, a worsening high-technology trade balance, the dispute with Japan over semi-conductor memories and demands by American microchip companies for government support underfor government support under-score the extent to which the US has been obliged to conce? technological parity or even advantage to Japanese and other rivals.

"The only US high-technology industry which has unambiguously maintained its competitive position in recent years is commercial aircraft," says Mr John Alic of the Office of Technology Assessment, a research agency of Congress. In the short-term, the dollar's sharp fall has provided many American industries with a American industries with a much-needed respite. But in the longer run whatever competitive benefits they are able to recoup will be preserved—and living standards safeguarded—only if a way is found through the productivity bottleneck.

The alternative will be for the US to leave the exchange rate to take the strain and to accept a further erosion of real

FTER almost a century as the world's pre-eminent to say nothing of the richer industrial power, the US in a serious such as West in a serious forced to acknowledge its period of unchallenged its period of unchallenged its power. Most dismally of all for its being relegated to ors it is being relegated to ors it is being relegated to or follower. For a control of follower. For a control of follower in the late 1970s and have shown and or recovery since as jobs have able whether Washington can do much. Even the champions of protectionism concede that

But if the vision of a post-industrial economy built other countries has little or around services is hardly allur-around the US take "unfair" trading by sapan and other countries has little or nothing to do with the long-rum staganation of US producof protectionism concede that "unfair" trading by Japan and

run staganation of US produc-tivity growth.

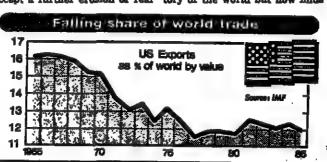
In any case, many of US industry's most intractable problems have more to do with deeply ingrained attitudes of mind, management methods and working habits than with policies which can be changed at the strake of a root. at the stroke of a pen.
Its severest handicap is a

long history of tunnel vision. While comfortably entrenched in their vast domestic market, relatively few American com-panies bothered to look over-seas, either for customers or

for new ideas.

Professor Robert Hayes of Harvard Business School puts most of the blame for flagging competitiveness on manage-ments. "Many of our indus-tries became completely closed. They bought from the same suppliers and served the same customers. They tacitly agreed to compete on the basis of design, advertising and finance, not on technology or manufacturing." has American Nowhere

industry lagged more notice-ably than in manufacturing. The country emerged from the Second World War as the fac-tory of the world but now finds



incomes, which have stagnated itself burdened with ageing since 1973. In short, it will be capital stock and a legacy of condemned to settle into the management concepts and by Britain earlier this century. This unenviable dilemma has stirred up a voluble debate in Washington on national com-petitiveness. Earlier this year, President Ronald Reagan de-livered a 1,000-page opus on the

the country's international imprecise and elusive concept, economic standing, has for the easily appropriated by special

practices which, in some cases, can be traced back to the T model Ford.

"Everything in America is in a time warp. The trouble is that all the figuring out how to make things was done in the 1920s," says Ms Elizabeth Haas, a manufacturing expert with management consultants McKinsey. McKinsey.

In many companies, manu-facturing and production engineering were relegated to the status of poor relations by

corporate headquarters pre-occupied with financial manage-ment and marketing. Capital-investment programmes were driven mainly by the need to retool for new product cycles or to add capacity, and very little by the quest for increased efficiency.

These deficiencies have left US industry wide open to attack by Japanese companies attack by Japanese companies which were not only much more efficiently organised on the factory floor but, still more important, as we manufacturing as a vital strategic function intimately tied in with product design, development and engineering. After the triple blows of the 1979 oil crisis, the 1981 recession and the Japanese import invasion, many US industries were finally shaken out of their compliacency and recognised the need for change.

For some, chiefly larger companies, the initial answer was to plunge headlong into factory automation. General Motors,

automation. General Motors, GE and IBM have, since the late 1970s, all been working on ambitious plans to modernise and re-equip their plants with technologically advanced manuscript and re-equip their plants with technologically advanced manuscript. facturing systems.
So far, the results have been

mixed. GM was far too optimistic about the benefits which high-technology could yield on

ciency gains can be made with facturing. with little or no spending on The key question, however, fancy automation. As Mr is whether this rate of progress Thomas Graham, president ul is fast enough. Though Ford USS (formerly US Steel) main- and Chrysler have won acclaim day's Management Page.

At USS, plant closures, reduced raw material costs and a union agreement on flexible working practices won after a bitter strike last year have cut the man hours needed to make a ton of steel to four from more than 10 in the early 1980s.

than 10 in the early 1980s.

Even parts of the machine tool industry, devastated by a collapse of demand and severe import competition in the early 1980s, are showing renewed signs of life. Cincimnati Milacron, one of the largest manufacturers, has rebuilt profit and turnover by entities staff in its traditional activities and expanding successfully into areas including plastics machinery, robotics and lasers.

Since Ford and Chrysler ran into serious financial difficulties several years ago, both have

several years ago, both have re-evaluated manufacturing operations across the board. A drive to cut costs and raise quality has led to extensive reorganisation of working pat-terns, tighter inventory control, revised relationships with sup-pliers and much closer links etween design and production

Their efforts have been rehigh-technology could yield on its own and underestimated the practical problems of applying it. GE and IBM have both duction quality. "In the past suffered from downturns in the market for the products made by their showpiece plants.

Many other companies are discovering that substantial efficiency gains can he made with recoveries and evidence

tains: "We run our business for the design of their latest to make money not to brag models, their product develop-about our equipment." double those of their Japanese competitors.

Furthermore, there is some evidence that many of the gains by US industry so far have been achieved by tackling the easiest achieved by tacking the easiest problems, and that making further progress may be an uphili struggle. GM, for instance, faces growing shopdoor resistance to plans to introduce a "teamwork" system of rotations to be section and the section of the

a "teamwork" system of rotating job assignments, a stop which the company considers crucial to improving productivity and quality.

If the erosion continues there is a danger not only that, despite the weaker dollar, the trend among larger companies to source components overseas will accelerate, but also that in the longer term the US will gradually lose a vital skill base which will be extremely difficult to rebuild.

The realization is nevertheless, growing that fundamental

less, growing that fundamental changes in the structure of the world economy and trading system have undermined the advantages which the US once enjoyed, and that many of the problems of adjustment with which it is grappling are deep-

draw on are huge, and with enough persistence and deter-mination its industry stands a fair chance of reversing decline. establish its former competi-tive excellence. But the days when the US could count on being first in every field in which it chose to compete are gone for good.

# An imaginative recycling plan

FINANCE MINISTERS meeting this week in Paris under the auspices of the OECD can surpluses. Within reason, there be under no illusions about the health of the world economy. The OECD, like other fore-casters, has revised down its already modest growth projec-tions. The dollar remains framle despite a rising interest rate differential in its favour. Chronic trade and international debt difficulties remain un-resolved. Never has an imaginative strategy for tackling these interlinked problems been more

regently required.
Policymakers seeking constructive solutions should examine the proposals put for ward in Tokyo last week by Dr Saburo Okita and his col-leagues at the World Institute for Development Economics Research. The report, Mobilis-ing International Surpluses for World Development, urges the Japanese Prime Minister to consider a much more ambitious recycling of the trade surplus than he proposed in Washing-ton a fortnight ago. Mr Naka-sone talked of new untied loans to developing countries worth \$2050 ever three years; Dr Ok:ta suggests than \$125bn over five years is closer to what is

#### Global perspective

The under report takes the view that the size of Japan's surplus is much less important than how it is spent. From a clobal perspective, the pressure on Japan (and to a lesser extent West Germany) to stop familing protectionism by saving too much is slightly irrational. It makes sense only within the narrow frame of reference of industrialised countries and imores the fact that the debtors of the Third World are being forced to transfer resources to the rich north because new loans are falling far short of repayments of interest and

The attack on excessive saving in Japan is thus occuring against a backdrop of an acute shortage of capital in the Third World. A sizeable reduction in the unsustainable US not mean they should not be trade deficit is certainly desir-

is a way for these countries to avoid what they see as excessive domestic refiation and to con-tinue to rely on export-led growth: they can finance a move into sizeable deficit on the part of developing countries.

#### Magnetic pull

Dr Okita and his colleagues do not think Japan should try to reduce its current account surplus (forecast at slightly over \$80bn in 1987) below about \$50bn for the foreseeable future. But they do think that at least \$25on a year should be ear-marked for developing countries Capital, however, will not flow of its own volition to the Third World.

There are all kinds of obstacles: new lending is seen as extremely risky because of the huge overhang of old debts, direct investment by companies is impeded by legal and political constraints, and portfolio investment is circumscribed by the volatility and tiny capitalisation of bourses. On top of this, US markets exert a magnetic pull—last week Japanese investors were again bidding aggressively for US Treasury rency and capital losses.

The diversion of foreign capital away from the US would be a much better way of forcing Americans to live within their means than protectionism. The question however, is whether finance ministers are willing to pay more than lip service to surpluses to the Third World. The wider study argues the case for the setting up of a special trust fund, for explicit government guarantees on loans to the debtor countries, for interest rate subsidies, for a bigger role for the World Bank and the IMF, and for a decisive reconstruction of the overhang

None of these proposals is likely to appeal to finance ministry officials, but that does able; the point to remember is can sometimes be riskier to do that this does not entail an nothing than to do something.

of old debt.

#### Let sleeping dogs bark

In all the rivers of newstype which have flowed since last Thursday, nobody seems to have noticed the one local election issue that would surely have in-terested Sherlock Rolmes. This is the dog that didn't bark —
the Conservative proposals to
abolish local rates and substi-

abolish local rates and substi-tute what even Mrs Thatcher now calls a poll tax.

The fascinating thing about this is that both Labour and the Tories regard it as their own secret weapon. Labour has listed it as part of the secret agenda which is supposed to chill the blood of potential Tory voters. The Tories are both amused and offended; so far from being secret, it will be introduced with fanfares in order to tempt those who might otherwise vote Labour.

This is all very unsatisfactory for those in the City who like to think they have some inside information on the election outcome — or even those like Gavyn Davies of Goldman Sachs, who has put a lot of work into



# **Men and Matters**

a sort of computerised David Butler, and put it all on a disc which clients can feed into their own computers. If there is a joker in the pack, one must know whose it is.

A friendly mole has ex-plained some of the technicalities. Labour seems to assume that any proposal to swap a progressive tax for a poll tax must create many more losers than winners. The margin is red. Wrong. Rates are based on such moth-eaten valuations that

it is pretty much an even trade off; and if half the electorate gains from the change, but less than half at present plans to vote Tory, then there seems to be a clear blue margin.

This could be wrong too, though: because it may be very difficult to persuade large households, and especially poor

ones, to register to pay the tax.
If that happens on any large
scale, you suddenly get more
losers than gainers after all.
Put that on to your disk, Mr

#### Statistically corrupted

For all the celebrations in the stock market, and the televi-sion talk of surprising results, one man claims that he knew it all along.

The vote in the local eleccloser to the opinion poll fore-casts than it strictly had any business to be, according to Bob Worcester of Mori. All parties scored within 1 per cent of their poll ratings, while the polls only claim to be accurate within plus or minus 2 per cent. We all get much too excited

about the polls, he explains
—for the umpteenth time.
Everyone, for example, says
that they are highly volatile;
but allowing for the margin of error, they do not even show pays for a relaunch, the news-a trend. The last eight national paper Labour activists have

polis all fit an actual Tory vote of 42 per cent. Journalists are paid to get excited, and Worcester does not really expect to put a stop to punditry; but he does get angry about the City's reactions. It's not just that markets over-react to news about the

gap between the parties (which can change by as much as 8 per cent within the normal error). but they do not seem to be above attempted bribery, or successful invention. Attempts to buy poli results ahead of broadcast or publica-

tion are so frequent that they are now an occupational hazard. And in 1983 there was a small financial earthquake as a result of rumours of a coming poll (favourable to Labour) which did not exist at all. There was a similar rumour, though with less striking financial results,

last week.
Worcester clearly regards this
kind of thing as the pollster's
equivalent of insider trading,
and complained to the Stock Exchange last time round. He was told that the market is that boys. He is still shocked.

#### Red knight's move

As media tycoons go, Owen Oyston doesn't yet rank with the Rupert Murdochs or Robert Maxwells of this world.

"I'm only a little media baron," says Oyston, who is baron," says Oyston, who is involved in cable television and commercial radio. Yet it looks increasingly likely that the fate of the new left-of-centre newspaper, News on Sunday, lies in the hands of this self-made multi-millionaire—the sort of man Mrs Thatcher so approves

Unless Oyston, who built a chain of 100 estate agents in thet north-west into a business worth £30m before selling out recently to Royal Assurance,

dreamed of for years will probably collapse before the

probably collapse before the general election campaign is half-way through.

"I believe there is a need for a radical paper which will give a view of life and social and political issues which is different from the establish-ment view," says Oyston, a lifelong Labour voter but not a member of the party.

Oyston, who will have to put up about £3m to safeguard the newspaper's immediate future, believes its survival is important to highlight the effects of de-industrialisation and unemployment in the north. The paper is an exciting

way to advise Mrs Thatcher that there is a ned for selective investment in the north in a convestment in the north in a con-sistent way," he says. However, he says he is not prepared to pour money down a hole in the ground, and all his business experience suggests you cannot have a good product

without good profits.

When he took over Radio
Aire in Leeds, the station had lost £1m in three years. It is now profitable.

#### Personal vote

Quite off the generally political character of today's column, I cannot resist this addition to the Observer compendium of double-speak character refer-ences. This one comes from Malm.

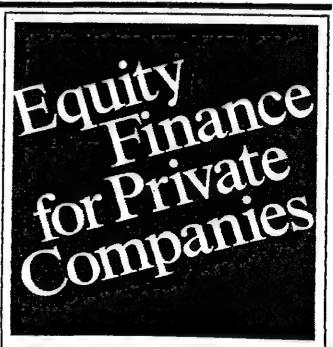
"Any employer will certainly find, as I have, M, — will invariably perform all his duties to his entire satisfaction."

Or perhaps that isn't quite as non-political as I had at first supposed.

#### Mod cons

"In addition to our normal house-finding services," a Surrey estate agent has advised his clients, "we are now able to offer selected bachelor flats and attractive bed-sisters at realistic rentels." And some ground-floor flats no doubt have French widows, too.

Observer



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YOU WOULD probably expect a Defence White Paper from a British government led by Mrs Margaret Thatcher to be both hawkish and dogmatic, and you would be right. This year's version is a fairly extreme example of the ganre, no doubt because election time is here

that May 11 195

e Kaletky

the defence policy that has been pursued by governments of both left and right, since the Second World War, that the Ministry of Defence is entitled to under-

line the fact.
It is entitled to argue the case that Nato cannot dispense with nuclear weapons for its defence. And it is entitled to argue against a reduction in the commitment of US forces to the defence of Europe. Even if such a reduction is not ex-plicitly part of Labour's plat-form, there is no doubt that there are people on the European left who query the American contribution to Europe's security; and there is a strong possibility that Labour's anti-

possibility that Labour's anti-nuclear defence policy, if im-plemented, might lead to a reduction in the American commitment to Europe.

More unfortunate is the dog-matic little essay claiming to prove, yet again, that if Britain is to have a nuclear deterrent, there is no conceivable alternative to the Trident Di submarine missile system being
acquired from the US. A categoric assertion of this kind is
out of place, since the technical case for a particular
weapons system cannot possibly
be as absolute as that, and the
main argument against Trident
is not technical, but political.
But let it pass—this is a preelection period.

But the ready disturbing
section in the White Paper is
the first essay, called: "70
Years On: A Country or a
Cause?" This purports to be a
defached discussion of the
policies and postures of the
Soviet Union, to see whether,
despite the impovations introthere is no conceivable alter-

despite the innovations intro-duced by Mr Mikhall Gurba-chev, it is still as much of a threat to our security as ever. The portentous antithesis and leaden alliteration of the title betray both the tone and the

200 100 May 120 10

see Schools

Foreign Affairs

# A devilish plot At all events, it contains a large ingredient of party politics, with one little essay criticising the defence policy of the Alliance parties, and two little essays criticising Labour. Some element of party-politicking is understandable. The unilateralist posture of the Labour Party would represent such a fundamental break with the defence policy that has been and a drumroll the ministry

By Ian Davidson

Soviet leaders under Mr Gorba-chev present to the world has encouraged some to take that view. Or is it an implacable opponent, bent only on increas-ing its influence at the expense Western interests and ues? Which of these two tures is nearer to the

values? Which of these two pictures is nearer to the socialists, be opposed to all war. Only after we have overthrown, finally defeated and expropriated the bourgeoisie of the entire world...will wars concession to the spirit of open inquiry, however:

"It is important that we try to understand what Soviet aims

No useful purpose is served by pretending that safety consists in relying on the simplicities of the world before Gorbachev

and intentions are because they must in some degree determine our own policies." The phrase "in some degree" seems altogether too grudging; but the Ministry thinks we cannot be too careful, and must guard against any danger that there has been a change for the better in Soviet objectives.

Then we get a re-run of the conclusion.

"What is the Soviet Union today?" It asks sternly. "Is it a country with values and First, we are told, there was concerns much as our own—to live in freedom, and prosperity and in harmony with its neighbours? The friendly face that

World War. He praises some of the new things said by Mr Gorbachev "as a welcome evolution of Soviet political thinking," but then proceeds to attack it. "It is not yet clear how much weight it will be given, as opposed to traditional Marxism-Lenniam, which in some ways it contradicts.

Next we have a reference to Communist ideology and a quotation from Lenin: "Socialists cannot, without ceasing to be

it contradicts. . . It remains to be seen whether the 'new thinking' will be accompanied by changes in the objectives of

Soviet foreign policy.

"Soviet leaders have not yet been prepared clearly to renounce the idea of the global



evidence of a change in long-term Soviet objectives— evidence that has not yet been forthcoming—a prudent policy of the West must remain one of caution." Drumroll; national

of caution." Drumroll; national anthem; credits; curtain.
Well, of cuorse, we all get the point. The Men from the Ministry are warning all us innocent girls not to be taken in by the wicked wiles of that sinister seducer, Sir Jasper Gorbachev. It's been proved time and again: The Russians Are Only After One Thing! So Are Only After One Thing! So stay well away from him, put your faith in nuclear deterrence and drop a penny in the Trident

and drop a penny in the Triuent Collection Box.

It is a great tribute to the impression he has made that they think they need to go in for this kind of thing. Everybody knows that the Soviet Union has been our enemy on the placed and must be seen our enemy on the placed of the seen our enemy on the seen our enemy or the seen our enemy or the seen our enemy or the see ideological princple and must still be assumed to be our adversary, if only under the powerful compulsions of his-torical necessity: their system and their East European conquests place them in a hostile

Conversely, there is a vast community of interests and values between Western Europe values between western Europe and the US, whereas the Soviet Union has a long way to go, in principle and practice, before it can claim membership of civilised society.

And yet there is little doubt

that, to many Europeans, Mikhail Gorbachev is more popular and more trustworthy than Ronald Reagan. Mr Gor-bachev looks like the good guy, with his incessant overtures to the West, while Mr Reagan, with his devotion to Star Wars,

struggle against capitalism. That seems to be dragging his feet secret purpose is to use "peace" struggle continues today.... In over arms control. Mr Goras a weapon to divide the West the absence of unmistakable bachev looks like Mr Clean with and undermine the independhis crack-down on corruption, while Mr Reagan is slithering in the slime of Irangate.

But the trouble with the Ministry's response to this dilemma, is that it is so crude, so vulgar, so third-rate. There are several new ingredients in our East-West quandary; no useful purpose is served by pre-tending that they do not exist, or that safety consists in rely-ing on the simplicities of the world before Gorbachev, before Star Wars, before Reykjavik, before a probable Euro-missile

Silliest of all, and therefore most counter-productive, is our man's apparent argument that nothing has changed in Soviet objectives since Mr Gorbachev came to power, just because we do not have scientific evidence that everything has changed.
Life would be simpler if we could go back a few years, but we do not have that option.
The Euro-missile negotiation

is a case in point. Mr Gorbachev's voite-face, with his offer to remove a whole class of European-based nuclear mis-siles, faces Nato with at least two major questions of credi-bility: first, the credibility of to Europe; second, the credibility of Nato's conventional-nuclear doctrine of fiexible response. Needless to say, neither question is even men-tioned in the White Paper. But these are minor matters, compared with the political questions marks over the Gorbachev innovations. To sneer at his "friendly face" is merely faventle. We may not know his deepest objectives, or we

ence of Western Europe.

The fact is that he is the first Soviet leader to adopt an innovative posture towards the West in terms that are both plausible and conciliatory; and we must deal with him on the ground he has chosen, because neither public opinion nor common sense will permit us to prefer nuclear confrontation if there is any possibility of an alternative. If Gorbachev remains in

power, he is virtually bound to continue his active pursuit of East-West detente, because what he says is consistent both with the facts and with Soviet interests in a world of nuclear parity: the restructuring of the Soviet economy does require a calm and stable international environment, whereas there are no circumstances in which it would be in the Soviet interest to run any risk however small, of nuclear conflict.

This does not mean that Mr Gorbachev plans to surrender

But it may mean a shift in the centre of gravity of the East-West contest from the military to the political; so that the West will need to look as much to its political unity as to its military security. In any case, the Ministry of Defence should give up its amateur may distrust them; perhaps his

# Lombard

# The market in communication

By Samuel Brittan

NOT LONG ago there was a award by the Department of convenient compartmentalisation in methods of communication. There was print publishing, which was blessedly free of ment of the UK electronics government regulation, all infrastructure is of concern to though not outside the US, a far wider public than electrotected by anything as formal tronic specialists or pressure protected by anything as formal tronic as the First Amendment, groups. which outlaws any abridgment of press freedom or pre-publication censorship.

Then there were posts and telegrams, established on a monopoly and usually state-run basis, but obliged to act as common carriers for anyone who wanted to use them on a non-discriminatory basis,

Thirdly, there was broad-casting over the air, which, on the pretext of "spectrum shortage," was subject to extensive regulation. Even in countries such as the US, with a free enterprise approach, spectrum was never treated like land or other natural resources, and leased to the highest bidder in the market place, but allocated on a discretionary

basis by a government agency.

Modern communications technology is bringing these distinctions to an end. Any kind of message can now be sent on a variety of media. A large part of publishing may eventually, for instance,

take an electronic form; and much of the information now contained in books, or even literary texts, may be assembled by the user from a central data bank.

It is far too early to sort out the relative roles of different transmission systems, such as terrestrial broadcasting, satellite, or advanced cable systems. Soviet interests for the sake of But governments cannot just our blue eyes, far from it. It swait events. For regulatory does not even mean that the structures inherited from an world will remain as stable as it has been for the past 40 years of confrontation; on the over, need a strategy for maxiyears of confrontation; on the contrary, the reforms he is urging on the East European satellites risk provoking instability and conceivably danger.

or at best duopolies.

Most important of all, safeguards are required to ensure that the freedom of expression already gained in print publishing is extended to other media, and not restricted as it so easily could be, as a side-effect of electronic transmission.

entertainment. But it backed off this proposal at a rate of knots as soon as Peacock had endorsed it.

Without prejudging the viability of a full fibre optic grid, there are unnecessary obstacles which could be easily removed in the review of policy due in 1990. For instance TV cable companies could be permitted to transmit voice tele-phony, and BT could be obliged to make its ducts avail-

The study was touched off

by Recommendation 15 of the Peacock Committee which pro-posed that telecommunication

operators such as British Tele-com or Mercury should be permitted to act as common

carriers for a full razge of services including television

One problem is that the

role of pure common carrier may not be found commercially attractive. BT for instance told the Peacock Committee that it

would be prepared to replace the copper wire household tele-

phone lines with optic fibre, which would be able to earry an indefinitely large number of channels, if only it were permitted to transmit television

programmes.

able to the companies.

The great danger is that the
Home Office will cling to broadcasting regulation, while the DTI will see electronic communications mainly as a heaven-sent market for British electronics manufacturers.

The true objectives should be

(a) to enlarge freedom of expression and artistic creation, and (b) to satisfy consumer requirements. Members of the official study group should take time off to read a civilised and distinguished US study, Technologies of Freedom by Ithiel de Sola Pool (Harvard, 1983) which not only makes useful specific sugges-tions on regulation, but relates the whole subject to the battle to secure the all-important First Amendment, which we could do with so much in For all these reasons the Britain at this time.

#### Pressure on the dollar

From Dr A Drobny and Mr S. Wren-Lewis

Sir,—Your interesting anaysis of the chronic USJapanese trade imbalance (May 5) raises two issues we wish to empha

You suggest that the large appreciation of the yen that has already occurred is sufficient to reduce significantly the sizes of both that US trade deficit and Japanese surplus. Our model of the world economy (GEM) confirms this. This does not, however, imply that the yen has appreciated sufficiently to produce a sustainable pattern of current accounts in the medium term. The forecasts produced by GEM suggest that at current exchange rates the US deficit may, after an adjustment period, fall to about half its

current level The Japanese surplus might in such circumstances fall to three-quarters of its current size. Given the sheer size of the current imbalances, this implies that the current pattern of exchange rates would still result in persistent (and unsustainable) current account disequilibrium in the US and

Second is the problem of imbalances in current levels of domestic demand in the US and Japan (and Germany as well). The appreciation in the dollar during the first half of the 1980s was only one, albeit the most important, factor causing the US mode deficit with Japan. the US trade deficit with Japan. The other major cause was that domestic demand in the US grew much more rapidly rela-tive to trend than in Japan.

During the 1970s US domestic demand grew by an average of about 3 per cent per annum while Japanese demand growth during those years was around 41 per cent per annum. The corresponding figures for the 1960s are 4 per cent and 101 per cent, respectively. From 1980 to 1988, in contrast, US demand grew at nearly 34 per cent per annum, while Japanese demand growth fell to a yearly rate of only 3 per cent.

These two features of the trade imbalances between the US and Japan suggest to us that either Japanese growth will have to pick up substantially or dollar weakness will continue for some time to come. Our assessment of the fiscal stimulus recently announced by the Japanese Government is that this is insufficient to bridge the demand gap between these two

Therefore, without further

## Letters to the Editor

downward pressure on the dol ar will remain. (Dr) Andres Drohny Simon Wren-Lewis National Institute of Econo and Social Research, 2, Dean Trench St, SW1.

#### EEC code on S Africa

From the Director-General, British Industry Committee on South Africa Sir -- Michael Holman's article

(May 5) refers to a report by the Labour Research Department on the returns by British companies to the EEC code of conduct for employment pracconduct for employment practice in South Africa. This report gives a very misleading picture. For example, the report says that 63 out of 142 British companies pay their workers less than the recommended minimum. In fact, as reported by the Department of Trade and Industry, more than 96 per cent of black employees (76,100 in total) are paid above the recommended level. This percenrecommended level. This percent tage has increased from 81 per cent since 1980. Labour Research also reports that only 50 companies have signed agreements with unions. More than 90 per cent of companies however allow all their South African employees to be represented by an organisation of their choice.

N. J. R. J. Mitchell 45 Great Peter Street, SW1

#### Slowcoach for Rolls-Royce From Mr D. Storer

Sir.—Four prospectuses for the Rolls-Royce share offer came thundering through my letter-box on the morning of May 7 (I had only asked for one, with (I had only asked for one, with spare application forms for my family, but never mind). They were beautifully got up; must have cost a bob or two. And they looked interesting, or rather they could have been interesting, except that they arrived 35 minutes before applications closed. So straight in the wastenamer basket they the wastepaper basket they went. As it said, "If you wish to apply for shares you must do so very quickly." Yery quickly indeed.

sment of the fiscal stimuecently announced by the
lese Government is that
s insufficient to bridge the
nd gap between these two
ries.

If expect the good folk at
Samuel Montagu and all the rest
of them will be congratulating
themselves on a wildly successthemselves on a wildly successful operation. No doubt they
are all jolly good chaps, and
and monetary action,
worth every penny of the
Liberals might come together to
form a responsible opposition
worthy to be considered a
future alternative government.
The "loony left" consisting of
the far left of the Labour party
just that.
Roy A. Grantham,
22 Worple Road, SW19,

millions they will make. Perhaps they could be generous enough to explain to simple people like me what is the point of spending colossal sums of money on inducing small would-be investors to tele for application forms and then sending off the forms too late to be of any use?

Donald Storer,

41 Colebrook Avenue, W13,

#### No shortage of newspapers

From Mr G. Dougherty. Sir,—Richard Tomkins wrote (May 7) that people were com-plaining that there was a shortplaining that there was a shortage of Rolls-Royce application forms. Surely they were aware that applications were published in most national and provincial newspapers from last Thursday to Sunday — or had they exhausted those sources on behalf of friends, neighbours, family, the dog the cat? Maybe the 25p cost of the paper would reduce the potential profit margin.

G. J. I. Dougherty. G. J. L. Dougherty, New Road

Childer Thornton, Cheshire Realignment in opposition

From Mrs A. Stewart-Wallace
Sir.—What the electorate
appears to be struggling
towards is a realignment of political parties, possibly a return to the pattern of the Whigs and the Tories. Violent swings to one side or the other are seen to be counterproductive. But the Alliance is dangerously wrong—even in its own future interests—in saying "the time has come." It has nearly come but if it comes too soon and brings with it propor-tional representation then

future government by two alter-nating strong and responsible parties will have been thrown out of the window. What is needed is a third and final successive defeat of Labour and a further term of Conservative government dur-ing which a sensible future opposition party might put itself together. The Callaghanite members of the Labour party, the SDP and the more practical

only be a small group, if at all, in parliament.

But of course if this realign-ment came about the last thing

te new opposition would want would be proportional represen-tation. Having achieved respec-table opposition status these new "Whigs" would dread a new "Whigs" would dread a hung parliament which might be controlled by the small remaining band of "loonles" in the House.

Post-electoral horse trading is not conducive to good govern-ment and not a part of British tradition. This new alignment can only come about in opposi-tion. That it should come about is essential to the future political health of this country but at all costs its price must not be the granting of proportional representation which would strangle it shortly after its

(Mrs) Mary Stewart-Wallace, Moot House, Ditchling, Sussez.

#### The sterling devaluation

From the General Secretary, Association of Professional, Executive, Clerical and Com-puter Staff.

puter Staff.
Sir,—It was pleasing to see
Samuel Brittan acknowledge
(April 30) the great value to
our country of the devaluation
of sterking last year. Those who
have criticised the Monetarist
experiment have faced fierce
opposition from Mrs Thatcher,
Mr Lawson and Mr Brittan over the years to our desire to see a competitive exchange rate. Not only have the Monetarists destroyed a quarter of our manu-facturing industry they have enormously aided our overseas competitors in Europe and the Far East, not only by allowing them to replace the output the Monetarists killed off, but by virtue of the enormous over-valuation of sterling to make massive profits on their exports to us, to sustain and expand their own industry. The only comparable disaster in European history is the enormous benefits that England and the Netherlands received from Phillip of Spain's similar abuse of his South American gold. We all know where Spain was for the next four hundred years. Samuel Brittan writes as if Britain was responsible for the sterling devaluation. The true hero is Shelkh Yamani who, growing tired of Mrs Thatcher's desire to pump every possible barrel of oil out of the North Sea, decided "at a stroke" to turn on the Saudi oil tap and

honoured in Britain it is Sheikh

halve the price of oil. Surely if any man deserves to be

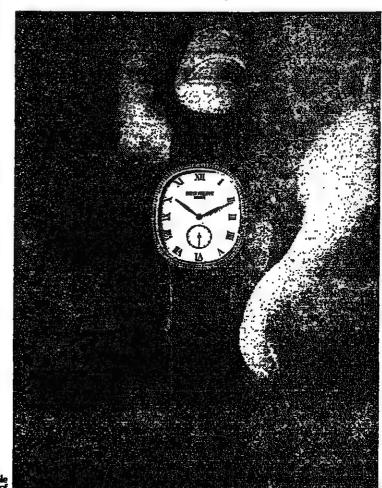
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# FINANCIAL TIMES

Monday May 11 1987



Roderick Oram on Wall Street

# Trial by press for Drexel

DREXEL Bornham Lambert hasn't a worry in the world, judging by its annual review, which indicates that it earned more profits than any other firm on Wall Street last year as "the leader in innovation in the securities industry.

Yet the glossy, unremittingly upbeat report still reads like a defiant counter-blast in the firm's battle against its competitors' whispering from government investigators. In a gross breach of accepted judicial standards, unnamed sources close to the investigation are subjecting the firm to a test, if not a trial, by aster waiting to happen ... characthe press. To date, no charges have been filed against the company.

Drexel's report acknowledges briefly the dark lining to its silver cloud. Despite a 60 per cent innear doubling of capital to \$1.8bn, "1986 was a sobering year for Drex-

Reports of insider trading activity rocked Wall Street and subse-quently led to the filing of charges against several individuals throughout the industry, including three of our former employees," it says.

"Based on an extensive ongoing investigation, we have no indication that any individual currently emthing to violate securities laws."

The only other reference comes in a balance sheet note about the investigations and civil suits. Management and general counsel have concluded that these issues "will not, in the aggregate, have a material adverse affect on the group's consolidated financial position.

Rather, the report's tone is set by an ode to entrepreneurs, a 3,500 word prose poem about the business pioneers who made America prosperous by challenging conformity. Today's innovators, restructuring corporate America to restore the country's international competitiveness, are equally misunderstood

Innovators are inevitably cona learned authority. But the firm knows its role: "As the capital markets have become more volatile and the development of new financial instruments and financing techand investors."

To this end Drexel raised \$30.9bn in public equity and debt markets last year, a 132 per cent increase while Wall Street's new issues expanded by 106 per cent. Less than half Drexel's issues were junk bonds, although it maintained a 45 per cent market share in them. It has used the substantial profits from pioneering the product to build up other securities businesses

at breathtaking speed. Drexels' compound growth rate of underwriting 1981-86 was 75 per cent compared with 40.5 per cent for second place First Boston and 38.5 per cent for Salomon in third

These and other activities earned Drexel \$545.5m, its balance sheet indicates. It does not publish profit figures because it is a private partnership, but officials in the firm and analysts outside say the increase in shareholders' equity in 1986 to \$1.265bn from \$719.5m is a reasonably reliable guide to retained earn-

ings.

Comparing results of public and private companies is difficult, but Salomon, the traditional industry leader, earned \$516m and Merrill Lynch reported \$454.3m. Goldman, Sachs, which like Drexel is a partnership, earned between \$475m and \$500m, estimates Mr Perrin Long of

Lipper Analytical Securities. Trying to woo away Drexel's clients, some of its competitors have claimed it has been living off its backlog of business since the Ivan Boesky insider trading scandal turned the spotlight on it. The company vigorously defends its perfor-

mance. "We increased our market share in the first quarter in underwriting, and about half our underwriting customers are new to us," said Mr James Balog, Drexel's vice-chair man, in an interview. "April was a disaster for the Street but we had a

satisfactory month." In other moves, two big firms have stopped trading commodities with it, some foreign banks have turned down interest rate swaps and a few regional banks will not give it short-term loans backed by government securities. All this has not hurt profits, officials said in a recent newspaper interview. When Staley Continental filed suit claim-ing Drexel tried to "extort" it into doing business with it, some of Drexel's competitors sent copies of the food group's complaint to Drex-

Drexel is trying to counter with edvertising campaigns the annual review's message about Drexel's advertising campaigns the annual review's message about Drexel's key role in the economy and by urging its clients to write to their congressmen in support of junk bonds.

"They're the best self promoters on the Street, "a competitor said.

Stewart Fleming reports on US Democrats' struggle to fill vacuum left by Gary Hart

# Dogfight before race starts

THE SEVEN DWARFS: that what the remaining candidates for the US Democratic Party's presidential nomination are being called. This is not to say that the front-

runner, Mr Gary Hart, who with-drew on Friday, is Snow White. Indeed behind the crocodile tears shed in public at the demise of his campaign, many Democrats - and not just his rivals in the election race - were relieved that his flawed

How much worse it would have been for the Democrats if Mr Hart's paign issue after he had won the not self destructed before the many suspected it would. "A dister suicide, not character assassin tion": these are the phrases being used to describe the collapse of the Hart campaign.

But the Seven Dwarfs? Is this really all that the Democratic Party

It is only in the sense that just the race has the sort of national mum - the national name recognition that is enjoyed by Mr Hart or by Senator Edward Kennedy and Governor Mario Cuomo of York, both of whom have said they will not enter the race.

That man is Rev Jesse Jackson. Before Mr Hart's withdrawal the black popularist orator was already demonstrating in Iowa that he is likely to be a much more influential figure in 1988 than in 1984, even if nomination as political analysts expect he will.

Now that the Democratic nominating process is wide open and the struggle to emerge from the pack as the new front runner is under way Mr Jackson has an even better opportunity to strengthen his position.

It will, however, be interesting to chusetts.

'Even if the early polls indicate that Mr Jackson (right) is the frontrunner, he will not secure the big advantage which makes frontrunner status so desirable money. The rich Democratic Party moneybags their eyes elsewhere.'

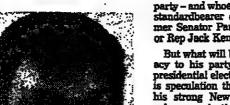
see whether and how Mr Jackson's

Even if the early polls do indicate tha: "Ir Jackson is the new frontrunner, he will not secure the big advantage which makes frontrimner stabis so desirable - money. The rich white Democratic Party moneybags have their eyes else

Babbit, Senator Joe Biden, Rep Ri-chard Gephardt, Senator Paul Simon, Senator Albert Gore and Governor Michael Dukakis will emerge as the man to beat? Bets are already being placed but not with any great assurance of succes not least because of the conviction that the field is still not complete.

military and arms control special-ist, is the only prospective Demo-cratic candidate who can lay claim to an international perspective and expertise, will be sorely tempted to follow the advice of those in the party hierarchy who believe that

Indeed, at the end of last week this: the lowa caucuses and New was making the unlikely claim to Hampshire primary next February be the intellectual heir to Mr Hart. will be indecisive. Babbit, Gephardt The imagination needs to turn som- or Biden will emerge from lows in ersaults to encompass the marriage front, but New Hampshire will be of the white hot demagoguery of won by the liberal Democratic stan-the black civil rights leader and the -dard bearer Governor Michael Duice-cold intellectualism of Mr Hart. kakis from neighbouring Massa-



Mr Dukakis, however, will do worse than expected, and expectations are the yardstick of success

another reason why Mr Hart was seen to be a vulnerable frontrunner. So it will be on to the dozen southern primaries (on "Super Tuesday") when southern candidates like the 39-year-old Senator Albert Gore of Tennessee or, if they decide to en-ter, Georgia's Sam Nunn or Gover-

The analysis runs something like

party - and whoever emerges as the standardbearer of the right - for-mer Senator Paul Lazalt, perhaps, or Rep Jack Kemp.

But what will be Gary Hart's leg-acy to his party and to the 1988 presidential election? Already there is speculation that a large part of his strong New Hampshire campaign organisation and some of his top campaign staff will be inherited by Governor Dukakis. Others are already being wooed by rival candi-

The detailed and carefully thought out position papers which he prepared on topics ranging from education policy to US-Soviet rela-tions and America's foreign policy in an era when political power in the Western world is being diffused, will help to shape the positions of the party's presidential candidate. Whether that individual will adopt Mr Hart's "free trade" position which brought him into conflict with Mr Gephardt is an open ques

Finally there are dire prediction that the sexual proclivities of the candidates will not become yet another trivialising factor in the presidential election in the months Bill Clinton of Arkansas, will be playing on their home turf. (Mr Jackson, incidentally, is expected on "Super Tuesday" to benefit from

This seems unlikely. The media's role in Mr Hart's downfall has become as much a cause celèbre as the candidate's. The press is deeply divided about its role in helping end Mr Hart's presidential ambi tion. Polls suggest that the public felt the media went too far.

Newspapers and television will tined to conjure up images of Democratic Party dissension when they intrude into a candidate's private life. But if a candi among the voters, never mind the potential damage which could be done to the image of some of the in-dividuals themselves if the political date, as Mr Hart did, invites such intrusion, it is evident from the public debate going on that a large number of editors will not shirk what they see as their public re-sponsibility to investigate the story. Worse, were, say, Senator Nunn

to emerge victorious, his political philosophy unmodified, the party A watershed has been crossed Presidential candidates are now on notice that, just as the Watergate affair led to closer scrutiny on their southern conservative and north-The Republicans on the other hand could profit from a mercifully vate lives are not taboo and they will have to adjust their political strategies accordingly. short primary campaign between Vice President George Bush, Sens-

Frangate hearing, Page 3

THE LEX COLUMN

# The life cycle of the giants

One rationale for the giant, acquisition-led, conglomerate is that its central management performs capi-tal market functions more efficiently than the capital markets. The central brain of the conglomerate knows its constituent businesses better than the market and can thus allocate capital more effective-ly, similarly, by behaving like 'proactive investment trusts the preda-tors profitably and usefully comp-ensate for institutional passivity. So when Hanson Trust and BTR 10 longer command premium ratings, is the market trying to tell them that they are not adding sufficient value to justify their licence to short-circuit?

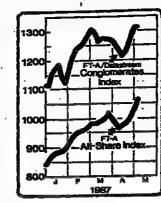
Those two heavyweights have been around too long to worry un-duly about a dip in popularity in the UK market, and, in any case, there are some perfectly good short-range reasons for underperformance. Hanson is heavily dependent on dollar earnings and has lately been issuing a lot of its paper. The major contested takeover bid is by no means an endangered species but a cyclical boom appears to be ending, at least in the UK. There are understandable anxieties, too, about whether the leadership chemistry at Hanson and BTR will survive the departure of their founding fathers. Nevertheless it is surprising that

those arguments should have cast such a shadow over the strong fundamental performance of both groups BTR's 1986 figures were ex-cellent and Hanson's earnings growth is expected easily to outpace other industrials this year. The lat-ter's acquisitions of SCM and Imperial now look classics of the genre; following disposals, operating prof-its of \$120m were pocketed for nothing at SCM and the remnants of Imperial were acquired on an exit p/e

Perhaps, therefore, the market is expressing a more fundamental anxiety about the life-cycle of the siant conglomerate. We are in uncharted territory, there are no laws of conglomerate behaviour to tell us what these companies will look like come the millennium. And the UK market has never known conglomerates of such size; Hanson is now said to be the largest pure conglom-

erate in the world. Whoever calculated that if BTR come stock, middle-s went on growing at its current rate occasional acquisition, growing at went on growing at its current rate (of a few years ago) it would be larger than the UK economy by the grant 2003 neatly illustrated the necessary slackening in the pace of growth. But a compound growth rate of 28 per cent a year over the past decade could come down quite.

Industrial diversity and the central rate of the strength of of th a lot while sustaining returns above managements experience of the 57



fits decline would be steeper: ever with superb financial controls you cannot indefinitely squeeze more from slow or ex-growth industries.

There is, however, no reason why this supply of fresh earnings should be cut off. There is also no logical reason why the bids have to get bigger, although if their contribution is to keep pace with the growth of the company they must either grow in number or size. A higher number of maller "add-on" acquisitions might increase transaction costs but would probably reduce total acquisition costs: if they were divest from large groups there would pre-sumably be less of a bid premium to pay and lower reorganisation costs. Both BTR and GEC appear to be moving in this direction. It is, however, difficult to dislodge

the view that suitable takeover op-portunities for gients (at least in the UK) are becoming harder to find; by depressing their ratings, and thus spoiling the acquisition arithmetic, the view has a self-ful-filling character. The decentralised smaller acquisition strategy also midges the downward re-rating by undermining the value-added of central management. Unless, that is, the strong central management of the best conglomerates is itself regardless of individuals - worth a premium, as Warburg Securities argues in Conglomerates: Heroes or Villeins? A longish period of low takeover antivity will test the the-

BTR or any of their imitators settling down into a comfortable, ine, making the the market average. Without the varieties of business cycle could annual injection of takeover bene-

market stocks into stalwarts of a bear market, although stock op-tions would become a less effective A policy of deliberate demerger is

highly unlikely unless things get nignly innikely unless things get very sticky. It would be a tax mine-field, and although the Hanson tax wizards could probably pull off some good deals the company seems determined to become the higgest in the UK. The idea of floating off companies or divisions is rather more attractive. The conglomerates could become highly profitable management consultants to UK plc, buying poorly run comanies, injecting good management and selling them off a few years later at a hefty premium (rather as the rejuvenated Cannon Street Investments plans on a miniature scale).

The giants do not, however, need more cash, they need new products more cash, mey need new products and growth markets. They also therefore need to adapt aspects of what the Centre for Business Strategy calls the financial controller style of management with its risk-averse, high-margin/niche business obsession. There are business obsession. There are several ways of making the trans-ition, all of which would probably disrupt earnings growth in the short-term. Hanson or BTR could bid for a major technology company, as last week's GEC rumours suggested. Or, like Olivetti and AT&T, an imaginative use of equity could introduce conglomerate central management to higher growth

#### Pre-emption

The debate on pre-emption rights may have appeared to die, but was merely sleeping. While the stock ex-change calls for constructive discussion, and the pension funds add their deliberations to those of the insurers, the corporate treasurers have decided to defend their legitimate professional interests. Or that is how this month's leader in The

Evidently, sales of equity at the current market price should not dilute shareholders, but this frequent-ly advanced truism smuggles in the assumption that market prices do not adjust to an impending issue more, the very statement that the equity-linked Eurobond market was providing large amounts of finance at competitive prices is calculated only to enrage the institutions. Short-sighted it may be for UK companies to confine them: the local 10 per cent of world liquidity, but if London markets forsake the UK corporate sector, is Liecht-enstein going to fill the equity gap?

# Re-run of Zeebrugge car ferry US disaster may provide clues

VITAL new clues to the cause of the

Zeebrugge ferry disaster seem likely to have been provided yesterday by a re-run of the ill-fated vessel's

Zeebrugge harbour was carried out by a sister ship of Townsend Thoresen's Herald of Free Enterprise the Pride of Free Enterprise - in weather and tidal conditions closely matching those of the night of the tragedy on March 8.

dence from several key witnesses to suggest that on the night the farry capsized this was not the case.

seemed clear to journalists and other observers watching from nearby tugs that seawater would have en-

the south's heavy concentration of

It is a recipe for a bruising and confusing political doglight among a group of candidates none of whom

has ever run a national presidential

Such a scenario seems prede

election campaign before.

could end up divided betwe

eastern liberal wings.

Measurements taken on the 
"Pride of Free Enterprise," which 
left Zeebrugge harbour ballasted to 
a comparable extent to the Herald

# respects to Casey By Lionei Berber in Nasseu County

ON a clear blue Saturday afternoon in Nassau County, Long Island, Americans paid their last respects to William Casey, the Irish Nev Yorker whose power and personali-ty as director of the Central Intelli-gence Agency dominated the Rea-

In its brief simplicity, the burial ceremony in the Catholic cemetery of the Holy Rood, near Roosevelt recetrack just north of Eisenbe Park, may also have signalled the end of another age.

William Casey was the nation's last spymaster. A Second World War veteran of the Office of Strategic Services, the predecessor of the CIA, Casey was the official in charge of infiltrating agents into Nazi Germany. His later appoint-ment by President Ronald Reagan as Director of Central Intelligence made him, therefore, the Keeper of the Seal; the man whose views were shaped by the fight against totali-tarianism 40 years ago.

Those gathered on Saturday seemed to sense this change: the silver-haired OSS veterans, some accompanied by their wives; the bulky agency men who stood ner-vously waiting for the funeral cor-

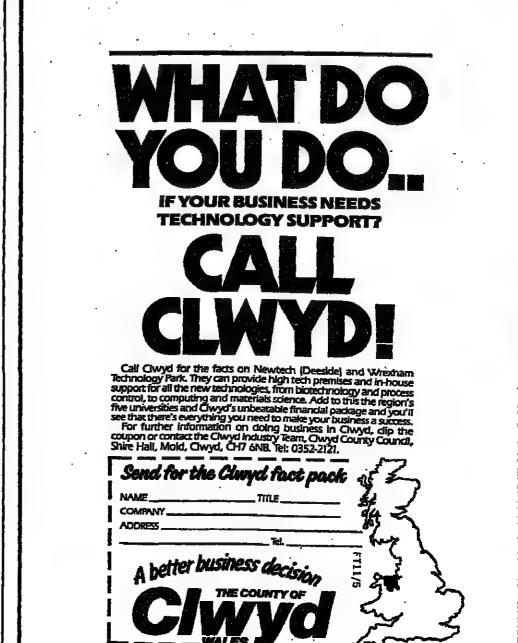
tege to arrive.

The day had begun on a discordant note as President Reagan accompanied by the majority of his Republican Cabinet and 200 other dignatories attended a mass in St Mary's Church in Roslyn Harbour, close to the Casey family home. A few miles away in the cemetery there were the first signs of CIA se-curity. Unmarked transit vans cruised up and down the winding cemetary roads. Catholic cemetary gardeners, their walkie-talkies at tached to green jumpsuits, were out in force. Very soon the locals began to arrive, dressed in teeshirts and jeans, their children in tow and not a black tie in sight.

By 4pm some 100 members of a curious public had begun to assem-ble behind the yellow cordon wound at some 20 yards distance around the Casey grave. "Check all

crackled the police radio as the first siren started to wail, signalling the imminent arrival of the funeral pro-

The ceremony took less than 15 minutes. Most of the chaplain's words were drowned by aircraft flyin this area, nor in respect of an Words were drowned by aircraft fly-OECD report calling for much grea-ter efforts by governments to re-Guardia and JFK. Then they left, move "structural rigidities" in their leaving the mahogany coffin lying economies.



#### All normal safety procedures, in-cluding the closing of the doors, were followed during yesterday's trials. The public inquiry in London, however, has already heard evi-The dramatic reconstruction in when she keeled over, are expected to produce valuable data to help BMT's scientists verify the results

tered the bow doors of the ship had Maritime Technology

Yesterday's operation was part of

of their model tests. Tide conditions were the same as at the time of the accident, but although no officials were available to comment, the Measurements and film from the exercise will now be subjected to detailed analysis in Britain, but it week today. Computer calculations appeared rougher yesterday than its calm condition reported by witnesses on the night of the accident.

# Further dollar fall 'essential to US'

Continued from Page 1

ly higher than the American work-

ers. US industrialists and economists appear to believe that their currency has further to fall for several The importers' huge financial

strength, built up during the period of dollar overvaluation has enabled them to fight aggressively to keep their market share, at least until they manage to establish direct in-

"The Japanese will hold on to as long as they need to get their own plants running in the US," according to Mr Pat Choate, chief has been steadily losing its technocording to Mr Pat Choate, chief has been steadily losing its techno-economist of TRW, the Cleveland-logical leadership and falling be-

\$16.21 an hour are now substantial. • Much of the dollar's fall since

irrelevant to US exporters. The US trade deficit is so large that it has acquired an irresistible inbuilt momentum. Since the US now imports nearly twice as much ports will have to be double that of

Strategic decidions have been made by US companies to abandon their markets at all costs even for many industries and some of these may now be irretrievably lost.

\$20.24 an hour, some 20 per cent be-low GM's, although cash wages, at nents supplier. hind other countries in productivity growth. Mr Robert Lawrence of growth. Mr Robert Lawrence of Brookings, along with many other March 1985, when the trend turned economists, has used econometric in the currency markets, has been models, to argue that this long-term relative decline required the dollar to be devalued by an average of 1 or 2 per cent annually in real terms. However, since 1979, the dollar has

appreciated sharply instead of fall-ing by nearly 20 per cent as this forimports merely to keep the trade balance from expanding further.

ing by nearly 20 per cent as this formula would suggest.

Although the dollar is now at a record low against the yen, this currency is generally perceived to have been grossly undervalued throughout the last decade. Against the DMark the dollar is still 4 per cent above its 1979 average level and its trade weighted exchange rate is at least ? per cent above its 1979

World Weather

## **OECD** warns on recession

Continued from Page 1 ingly frustrated by Bonn's refusal to take action to stimulate its economy. The latest OECD forecast suggests that growth in West Germany this year will slow to between 1.5

and 2 per cent. The finance ministers, who will meet in Paris tomorrow and Wednesday, are expected to pledge to step up efforts to reduce agricultural subsidies as part of a commit-

Preliminary discussions between officials, however, suggest that no substantive decisions will be taken



# SECTION II – COMPANIES AND MARKETS FINANCIALTIMES

Monday May 11 1987

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INTERNATIONAL BONDS

# Euroyen goes on thriving while the dollar languishes

ly last week to see whether the Japanese would buy US Treasury character has changed significant pan's 2.5 per cent discount rate. bonds, the Eurobond market saw another important and related sign of the times, writes Alexander Ni-

The volume of fixed rate Euroyen bonds launched so far this year drew further shead of the volume of straight dollar issues

Six Euroyen bonds totalling Y104bn were issued, including four on Friday. Meanwhile, there were no new dollar straights excluding the equity and gold-linked sectors. According to International Financing Review, a trade publication, straight yen issues in 1987 up to the beginning of last week numbered 93' totalling \$12.4bn equivalent com-pared with 80 dollar issues worth \$11.5bn

The rapid growth of Euroyen bonds has been one of the recent phenomena of the Euromarkets. While the dollar sector languishes amid concern about currency weak-

of the bleakest winters this century

have together battered the economic of Eastern Europe, writes Stephen Fidler in Lendon.

But loans now being negotiated

with international bankers suggest

these factors have not dampened.

the ardour for fine terms among

sovereign borrowers from that part

Hungary and Czechoslovakia are

ing money, the former seeking paid \$500m to complete its financing in fatter the syndicated loan market this size.

**EUROCREDITS** 

1. 1.27

the property

107/27

-Chipitoa

For most of last year, Euroyen bond yields were lower than those on comparable domestic issues and the investor base was largely in Europe. Then, as Japanese domestic interest rates declined, Euroyen yields moved above domestic rates, and the market suddenly became appealing to Japanese institutions, even though they are not able to buy new issues directly, since Euro-

bonds are subject to a 90-day lock-

Institutions' buying of Euroyea bonds, however, has been oversha-dowed by their purchases of Japanese government bonds. In this highly liquid trading market, they frantically seek capital gains which can offset the effect on their portfol-io returns of reduced boldings of dollar bonds.

ket for the rest of 1987.

both talking to bankers about raising money, the former seeking paid in higher interest margins or s500m to complete its financing in fatter fees for borrowing in such

unpopular return trips to the mar-

Unfortunately for the Hungar-

fields on the most active Number 89 government bond dropped well below 3 per cent last week, while the best-rated Euroyen bonds are almost all trading above 4 per cent. Those who launched issues last week were confidently predicting that lagging Euroyen yields would soon catch up, and that the Euroyen

Some in the market however, believe that the Euroyen sector has become too blosted, and that Japaese institutions are now more selective about their purchases as they concentrate on liquid, trade-able issues. This school believes that the narrowing of the yield gap is by no means a foregone conclu-

According to this view, Euroyen yields depend not only on domestic dollar bonds.

The yield gap has become more arbitrage and swaps can be carried accentuated as the Tokyo market out between Eurodollar and Euroy-

\$250m hard currency trade shortfall in the first two months of this year.

this argument is that any further vide swaps because of the capacity widening in the differential be-of their swap and loan books and tween Japanese and US rates will can thus pitch more aggressive be matched by a widening between terms to borrowers. Japanese domestic and Euroyen

been popular with Friday's issuers. ing virtually no new issues - the In-The bonds were for good names and ter-American Development Bank

coupon of 4% per cent. Underpinning the sector also are general expectations that the yen will remain

The flurry of issues may have been partly due to official approval of a number of requests which had piled up during Japan's Golden Week holidays.

Perhaps significantly, all last week's issues were launched by Japanese bank subsidiaries and not by securities houses. This is bedow at present. Banks are more on instruments. The extension of able than securities firms to pro-

> The steady issuance of Euroyen bonds is in stark contrast to the

had no serious mis-pricings. The was the only entrant last week. The largest issue, for Italy at Y30m, was succome accorded to it failed to ceived and was quoted at discounts also the first four-year bullet bond in the sector and had a record low haps waiting for D-Mark borrow— Item was a less certain response. ings to fall further. The domestic to a hybrid issue from Halifax market was strong on expectations

of a cut in repurchase rates and a shortage of paper in shorter maturities, and D-Mark Eurobonds gained up to a point on the week. In Switzerland, prices were also higher and the few new issues were While the Eurodollar sector rebounded on Friday amid relief that

the Treasury auctions had passed without disasters, Eurosterling tions remance as fixed rate manage bonds were strongly boosted by the election emphoria surrounding all ers consulted with their floating rate colleagues. UK securities markets. Not only did local election results suggest an lindonesia, buoyed by last week's early general election and a Conservative victory, but bank base rates Monetary Fund on a \$609m loan,

Into this heady atmosphere came a rare triple-A rated borrower, the Prudential Corporation, the UK in- central bank. Led by Chemical Asia surance group, with a £150m 20-year bond likely to act as a bench-

Building Society, with a fixed cou pon for three years and a floating rate for the final two years. The structure was designed to evade a UK bar on issues of bonds of less than five years maturity but at the same time to take advantage of attractive fixed to floating swap rates for three-year maturities. Though the interest rate elements might have been easily accepted in their respective sectors, there was a cau-

floating rate certificates of deposit in the name of Bank Negara, the and Mitsui Finance Asia, the issue

There is a utilisation fee of five ba-

sis points if more than half drawn.

in the Eurocommercial paper

market, the US express mail com-

pany Federal Express appointed

First Chicago to arrange a \$410m

Bank of New Zealand is co-manage

**Telettra** boosts profits by 30%

By John Wyles in Rome

TELETTRA, the Fiat subsidiary which is about to be merged with Italtel, the state-owned telecommu nications company, has reported a

last year to L40.2bn (\$34.1m)
Turnover was L555bn of which 40 per cent came from exports. Orders booked last year grew by 20 per cent over 1985 to total L712bn. Research and development spending amounted to L66bn, 11.8 per cent of turnover, and efforts in this area were stepped up by the addition of

> More international company news, Pages 24, 43

ome 356 new employees, bringing the company's payroll to 4,930.

Nominating some of the most important developments in the company's activities last year, Telettra drew attention to the creation of a mobile radio division concentrating on the development of basic components and of transmission systems

for private and public mobile radio. The company also signed a collaboration agreement with Jeumont Schneider of France and with West Germany's Telenorma aimed, among other things, at developing common technical standards in the context of the EEC's attempt to secure greater harmonisatio

Riunione Adriatica di Sicurta (RAS), one of Italy's largest insurance groups, lifted 1986 net profits by 49 per cent from L27.5bn to L41bn (\$32.2m) AP-DJ reports from

RAS, which is controlled by Allianz, the West German insurance group, will pay a dividend of L280 a share, up from L240 previously. It also announced plans for a captial increase to L155bn from L110bn, in part through a bonus issue.

- 3,633,3 92,9 5,630,1 - 395,2 - 162,5 1988 30,471.8 2,002.5 16,566.2 4,390.0 Prov 25,721.0 1,705.6 9,731.7 4,957.0 Other 26,594.7 657.0 6,005.5 11,755.2 Prov 17,002.1 630.0 2,224.7 10,866.6 sector represented a buying oppor-Total 90,802.5 47,312.0 37,510.5

This is not a line that would have West German market, which is see-

Battered Eastern Europe looks to the West for better deal on loans DROUGHT, the molear power thought to have reached about half officed rates for eight years. Its bankers are eaking is how deep into chase of five Boeing 737-400s and margin of 15 basis points and a fee is five basis points and the interplant disaster at Chernobyl and one of that target. With an estimated debt negotiators are digging their the credit will the % point be carri
tive 757-200s with spare engines.

commitment fee of 10 basis points.

est margin is 6.25 basis points.

ed and to what extent will the fees have to be expanded to accommoand the country's economic troubles date the borrowers' wishes? In other means they will have to pay more.

The country has introduced an is sounding out banks about a co-fieconomic austerity package after nancing deal for a \$530m water irrisecess of a recent refinancing deal

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The country has introduced an intr gation project in Algeria. The pro-posal is for a \$200m soft loan from the World Bank, a similar-sized B for the republic.

to the loans market. Its last new raised in the domestic market. borrowing, completed last Angust,
was for \$100m through International Westminster Bank, carrying a
spreed of % point for four years and
% point for the remaining four.

The bank is arranging a \$775m

loan from international banks with

Czechoslovakia is a rarer visitor the remainder of the funds to be

The second deal for a total of about \$350m was for Electricidade

The funds will go to repay borrowings made in 1981, 1982 and 1985. It includes a fully revolving dollar credit for \$115m, which will he drawn down entirely at the start but which could act later as a back-

to many, Montedison, the Italian pharmaceuticals and chemicals cility fee of he point and interest paid at Libor flat. Utilisation fees are five basis points for up to onethird, 7.5 basis points for up to twothirds and 12.5 basis points if more than two-thirds drawn. It's a standby facility to back up proposed in-

At terms that looked aggressive

\$500m to complete its financing in fatter fees for borrowing in such the syndicated loan market this syndicated loan market this syndicated loan market this size.

Was for \$100m through International and through International all Westminster Bank, carrying a law Westminster Bank point for four years and a \$200m deal signed in February law Westminster Bank, carrying a law Westminster Bank, carrying a law week.

The bank is arranging a \$375m of the year loans for Ecu 95m, 190n mitsubishi Bank is agent and coordinator of the year portion.

The Czechs are keen to see an element of 10 point for the remaining four.

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The bank is arranging a \$375m of the year portion.

2500m through International an otherwise fairity quiet loans man other

programme with CIBC, County Natwest Capital Markets, Credit Suisse, First Boston and Lloyds Merchant Bank also appointed as The US telephone utility AT&T

also announced a \$200m programme, with Citicorp, Morgan Stanley International and Swiss Bank Corporation International as

How much do you really know about

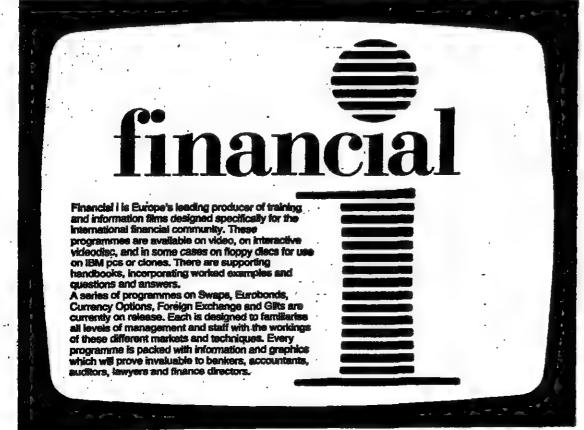
SWAPS, EUROBONDS, GILTS, **CURRENCY OPTIONS AND FOREIGN EXCHANGE?** 

\$200m raised since the end of the heels in to preserve this spread, but

first quarter, a \$500m loan would al- bankers think that the loan's size

low it to stay out of the loans mar- and the country's economic troubles

Bankers generally applied the strategy of raising one large loan rather than a series of smaller ones, since it allows the country to svoid last year of \$1.40a and a record



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UK GILTS

# **Election prospects** dominate sentiment

ONE WONDERS how long the virtuous circle of a surging exchange rate triggering cut after cut in base lending rates can be sustained and therefore how much further yields on UK

The look of the gilt-edged market has been transformed in a matter of weeks. Not the least notable evidence of this change was the brief crossover on Friday between US Treasury bond and gilt-edged yields. This was an event which had widely been expected for later in the year but few, one suspects, expected it at this juncture.

British bond yields now look firmly established below 9 per cent and sterling shows no sign of faltering. Nevertheless, there are many reasons to inject a note of caution into current trading.

The Bank of England made it plain on Friday that it would all its ammunition to fight market pressure for a furthetr cut in base rates, establishing an upward floating yield curve the domestic money market and intervening in currency markets on a very substantial

While sterling remains on a rising note, falls in interest rates should not be inflationary and the latest cuts in base rates are thought to leave the state of monetary policy no looser overall than before because of the pound's inexorable rise.

However, there are risks. First, once Mrs Thatcher calls an election, the current bout of euphoria may lose some of its shine and markets will start concentrating for real on the Conservatives' electoral chances. Yes, the local auth-ority results were bad for Labour and good for the Government and the Alliance. but the results still suggested a much-reduced parliamentary majority and a great deal can change in the course of an election campaign.

Secondly, as no doubt Sir Robin Leigh-Pemberton, Governor of the Bank of England, will point out in a still remains a large overhanging glacier of liquidity in the form of bank deposits which could start to melt as returns on investments are steadily

It is difficult to predict when

the melting process begins and there is the risk that once it starts it may be too late to snuff out the potential inflation. This is certainly part of the thinking behind the Bank of England's caution on interest rates.

The current struggle to keep a lid on sterling has other important consequences for gilts because of the sheer scale of intervention in the foreign exchange market. The bank's announcement of a new fibn tap stock to be sold at tender on Thursday—the day after the auction of short-dated stock— probably brought the point home properly for the first time.

The only way to sterilise the build-up of foreign currency reserves is by selking more debt. Although, fortunately, the Government's regular funding needs are relatively low this year, intervention of this scale, if it were to continue, would substantially increase the gilt market's supply burden.

It is clear that the Bank cannot attempt to sterilise intervention on a current, month-by-month basis because this would leave the market with acute indigestion (during an election campaign?).

Things can be evened out over the course of the year but there is likely to be hefty temporary acceleration in the growth of sterling M3. This could start to worry the market, particularly as narrow money growth appears to be quickening up as well—another argument against allowing base rates to fall further.

The Bank's fresh supply on Friday—sterling 1bn of 8 per cent 2002/06—is thought to have been more out of market management considerations, rather than the need to sterilise intervention, although it will also help in this respect Whatever the thinking, the merket did not like it and faltered for the first time in quite a while.

So, where does the market go from here? The answer lies in politics. With the possibility of an election date announcement today, politics will now dominate and market direction will be set by the day-to-day swings and roundabouts of the election campaign.

US MONEY AND CREDIT

# Japanese investors to the rescue

passed with the maximum of fuss, but it passed safely thanks to that stalwart of the US government bond market, the Japanese investor. Bond prices actually ended the week on a rising note, with the old Treasury long bond picking up to end the week unchanged, yielding 8.6 per cent.

But there were moments during the week when it looked touch and go whether the Japanese really would come to the rescue without some drastic rise in yields.

The Japanese are a patient race of investors. Since the re-funding exercises this time a year ago when Japanese institutions bought heavily, the dol-lar has fallen about 18 per cent This would not hurt so much if yen investors were still reap-ing capital gains on the bonds themselves. In fact, the dollar prices of last May's bonds have fallen almost as much again.

If this sort of loss were not enough to put any Japanese institution off dollar fixed-interecent performance should have done the rest. Having glided gracefully down into the mid-Y150s, the dollar plunged last month to around Y140. The month to around Y140. "The dollar was falling too rapidly, "says Mr David Jones, an analyst at Aubrey Lanston. "There was no way to get a fix on the low it would get to." For the first time, traders were toying with the possibility of a dollar exchange-rate in double-figure wen.

#### Large losses

But Japanese interest in the refunding was just one of the market's worries last week. The precipitous fall in the market in April has left many bond investors and Wall Street firms sitting on large losses.

There were widespread fears dealers would be less ready to speculate on retail demand in buying up the issue. The know-ledge that Merrill Lynch had made embarrssing losses in mortgage-backed securities merely added to the tension as the market went into the re-

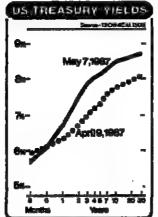
The first day of the auction on Tuesday went swimmingly, with a stronger dollar setting off a small market rally. But this was a sale of three-year notes, a maturity too short truly Janet Bush to test inflationary or currency

LAST WEEK'S \$29bn second- fears. Wednesday's sale of the past two weeks influenced from \$15.5bn to \$11.8bn. quarter Treasury refunding \$9.75bn in 10-year notes went overseas interest in the auction. • The figure for housing starts very wonky indeed, with the Japanese staying away in droves despite a yield no less than 5.7 percentage points higher than their home variety.

> For some observers on Wednesday, the Japanese investment community was telling the world that it believed the dollar really would fall under Y90 over the next 10 years to wipe out the yield differential. After all, the dollar was trading at Y260 just two years ago. Alternatively, the Japanese were engaged in terrorising the market into pushing up yields for Thursday's long bond auction.

As it turned out, Japanese investors piled into Thursday's \$9,25bn issue of 30-year bonds, picking up between \$4bn and \$5bn of the bonds on offer at an average yield of 8.76 per

The day had been saved even at the cost of a 125-basis point increase in yield over the last such exercise, in February. And there were some doubts about the long-term intentions of the buyers. "The bonds are in relatively weak hands," says Mr Jones of Aubrey Lanston. "The yield was bid up high enough to make the bonds temporarily attractive for short-term trades. You could buy at 8.76 in the auction and sell at 8.69."





# The Government of Bermuda

U.S.\$40,000,000

Tender Panel and Linked Committed Facility

arranged by NM Rothschild & Sons Limited

Standby Banks

NM Rothschild & Sons Limited

Deutsche Bank Aktiengesellschaft London Branch

**Irving Trust Company** 

Barclays Bank PLC

Credit Lyonnais

Tender Panel Banks

Algemene Bank Nederland N.V. Banque Paribas (London)

Baring Brothers & Co., Limited

Credit Lyonnais

Deutsche Bank Aktiengesellschaft Kansallis Banking Group

Lloyds Merchant Bank Limited

PK English Trust Company Limited

Société Générale

Banque Française du Commerce Exterieur Barclays Bank PLC

> CIBC Capital Markets Daiwa Europe Finance PLC

**Irving Trust Company** 

Leopold Joseph & Sons Limited

Midland Bank plc NM Rothschild & Sons Limited

Westpac Banking Corporation



Facility and Tender Panel Agent NM Rothschild & Sons Limited

May, 1987.

This was achieved without any blockbuster movements in discount rates, merely by some

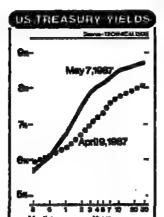
However, the range extends

little downward movement in interest rates in West Germany But in the absence of a com-prehensive support package for the dollar to convince the foreign exchanges, the credit markets will continue to suffer from dollar weakness.

The following statistics are due to be released this week, The median market expectations were surveyed on Friday by Money Market Services of Redwood City, California. ■ Most attention will be fixed on Thursday's report on mer-chandise trade for March. The median estimate, out of 38 sur-veyed, is for a deficit of \$13.5bn.

#### Short trades

Indeed, it is hard to find any-body willing to bet the respite from rising interest rates is more than temporary. The market is as anxious as ever about the dollar. It is probable that the dollar's relative stabi-lity in the Y138-140 range for



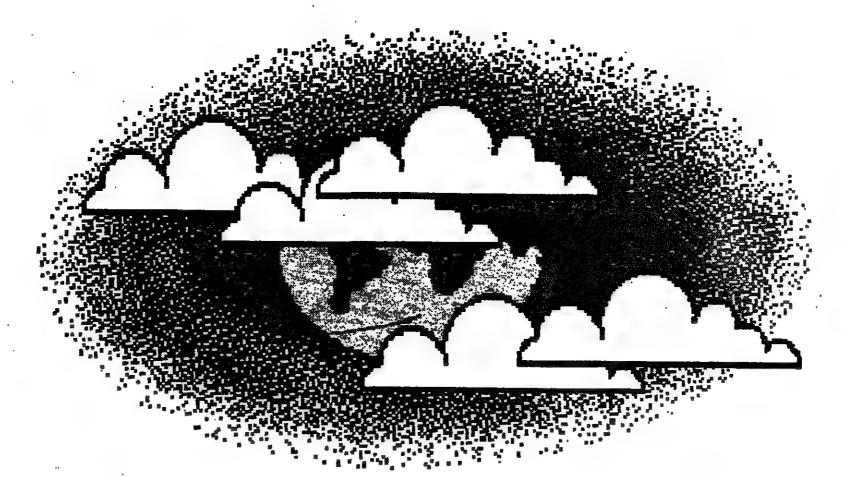


per cent to an increase of 0.5

James Buchan



For Fig. 1.22 Carl St. Sec. 1. 118. 12 he show the first first



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deliver worldwide securities information with unrivalled speed, accuracy and efficiency.

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TOWARDS - 2000 -

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

Paul Betts previews an important test for the French Government's sell-off programme

# CGE shapes up to challenge foreign rivals

MR PIERRE SUARD suggested tive vice-president and finance

sell a few shares of his company to the air hostesses.

From the beginning, the flotation of CGE has been widely regarded as the most important privatisation so far in the French Government's state sell-off programme, not only from a financial standpoint but also from an industrial point of view.

At the same time, the CGE flotation which starts today with 32.6m shares at FFr 290 (\$48.90) each on offer will have a major impact on the success of the Government's future as for CGE itself.

tional rivals to compete in an increasingly tough international environment." said Mr Suard. "Like our competitors we will now once again have access to

ment's programme, the CGE operation has been linked with a record new share issue for the group to strengthen its balance sheet and help it absorb the recent takeover of ITT's telecommunications assets.

While the state sell-off is expected to raise about FFr 6bn for the Government, the new share issue will provide CGE separately with FFr 6.3bn in fresh equity funds. Moreover, FFr 6.1bn worth of existing non voting shares will also be converted on a 1-10 basis into new voting shares which will further strengthen CGE's

balance sheet.
"After the capital increase and the conversion of non-voting shares, the group's equity capital will double from FFr 8.5bn to FFr 17bn. This will give us a balance sheet more in line with a major com-petitor like Siemens," explained Mr Pierra Bilger, CGE's execu-

at the weekend that he could director.

provide Mrs Thatcher with a The past few years have seen provide Mrs Thatcher with a few tips on how to run an election campaign. Preparing for privatisation of Compagnie Generale d'Electricite (CGE) has been like running a highgeared election campaign, said the chairman of the large French natiopalised telecommunications and heavy engineering group.

Even in the executive jet taking him to London for a preprivatisation roadshow, Mr Suard could not resist trying to sell a few shares of his company of ITT's telecommunications operations, making it the world's second largest telecommunications group after American Telephone & Tele-

graph.
In the energy and heavy engineering sector, it acquired a 40 per cent stake in Frama-tome, the leading French nuclear plant manufacturer, and Jeumont-Schneider's railway business to make it the world's largest manufacturer of railway

Although these acquisitions — largely engineered by Mr Georges Pebereau, Mr Suard's predecessor — have enabled CGE to gain what it regards as "Privatisation will once again the critical size to compete in equip the group with the similar its main industrial sectors, the weapons of its main international rivals to compete in an access to financial market to believe the helping of the standard of the section of the s bolster its balance sheet and give it the flexibility to compete internationally.
Indeed, the last few years

Unlike the previous privatisa-tions in the French Govern-orders" relying heavily on the orders" relying heavily on the is intense. Mr Suard is now also French telecommunications seeking to develop and expand a third core business sector for a third core business sector for CGE in industrial services. cations orders and on Electricite de France, the state electricity utility, and the SNCF state railways for its capital goods petitive growth sectors has given new Alcatel telecommunications orders, CGE has now had to the CGE privatisation coupled group to install 2.5m System 12

Net profit Net margin Industrali in R&D

% of turnover in



Pierre Suard (right) and Georges Pebereau—a "nuts and holts" manager took over from a virtuoso dealmaker

operation a more speculative character than the previous

banking groups and the Saint Gobain glass and pipes concern.

The acquisition of the ITT

branch out and seek new mar- with the size of the financial French privatisations, including those of the Paribas and CCF

"Today France accounts for "Today France accounts for about 40 per cent of our total sales and the state monopolies for only 40 per cent of our French sales, in other words for only about 15 per cent of our total turnover, while 60 per cent of our business is now done outside France," said Mr Suard. Suard.

Moreover, CGE now faces particularly strong international competition since its activities are focused in either mature the financial markets and we have seen a dramatic intermediate heavy engineering, will also rid ourselves of nationalisation of CGE's busing overnment intervention."

markets like heavy engineering, nuclear and shipbuilding, or in nesses. Once regarded as "an growth markets like telecommunications where competition is intense. Mr Suard is now also CGE in industrial services.

Warburg Securities, for example, says in a long report on CGE that "in our view, the initial problems with System 12 have now been solved." Mr Suard adds that he expects the The spread of CGE's businesses in mature or highly com-

HOW CGE COMPARES WITH SIX MAJOR RIVALS (ITT bn)

159.4

This does not include business communications activities and other electronic businesses now integrated in the new Alcatel NV group but only telecom operations. If Alcatel as a whole is included it would represent 60 per cent of CGE sales.

Currency conversions: DM = FFr 3.3, \$ = FFr 6.1, FI = FFr 2.9, £ = FFr 9.7, SKr = FFr 0.95.

Source: Fauchier-Magnen/Robert Flaming Securities

(UK)

14.2 0.9

34,366

more than the 15m lines of the French E-10 digital switch due to be delivered this year. Alcatel has also made FFr 7.2bn in provisions for restructuring and other costs to cover the ITT

As for Framatome and the nuclear business, Mr Suard acknowledges that orders for new nuclear plants are drying up. However, he argues that Framatome still has orders to complete and that it is likely to benefit in the next few years from a growing replacement market for nuclear reactors

All this makes CGE confident that it will sustain higher earnings in the next few years. After reporting profits of FFr 1.7ba last year, earnings are expected to rise to about FFr 2.8bn this year. Mr Bilger says the group's net margin this year should be at least 2.1 per cent of sales of about FFr 132bn or more.

Although Mr Suard says that Although Mr Suard says man CGE remains on the look out to seize possible new acquisition opportunities, the next few years are likely to involve a period of consolidation as the group absorbs and restructures its recent spate of acquisitions.

Its recent spate of acquisitions.

Indeed, the appointment of
Mr Suard himself last summer
already reflected this new
phase. While his predecessor
Mr Pebereau had been escentially a virtuoso international
dealmaker who the French
nicknamed "the Florentine".
Mr Suard has the reputation of
a "nuts and bolts" industrial telecommunications businesses and of the 40 per cent stake in Framatome have raised inevitable doubts from investors throughout the CGE privatisation campaign. But Mr Suard spears to have convinced the financial community that the technical problems which bedevilled ITT's System 12 digital switch have now been over-DESTRUCT.

Well-known among his for the way he built up CGE's Cables de Lyon subsidiary, Mr Suard was virtually unknown by the general public before he took over as chairman. Howtook over as charman. However, the privatisation compaign has thrown the spotlight on this typically French industrial patron who seems to have started taking an amused tasts for the cameras and relaxed in his new more public role.

Mr Suard will be all the more relaxed after the flotation of CGE has got off the ground today. But all the indications suggest that neither he nor the suggest that neither he nor the French Government need worry very much. Demand in France for CGE shares is expected to be strong and the 20 per cent of the offer reserved for foreign investors is already several times oversubscribed. Grey market quotations in London on Erides. Friday were hovering around FFr 370, already suggesting a hefty gain on the FFr 290 offer

132.3 2.9 2.3% 8.4 11.0

\*28%

240,000

NEW INTERNATIONAL BOND ISSUES Sock Russer 2.000 B.S. DOLLARS 298 338 17max 85 150 196 78 190 100 100 180 189 100 100 Formate Transport T;
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"Net yet priced. † Final terme. "" Private placement. † Pleating rate mater. ¶ With equity warrants. Ø With gold warrants. II Carrency-linked. § Convertible. (a) Convertible preference shares. (b) Couper 14½% first year, refixed annually. (c) 47c ever 3m Liber. (d) Exchangeable into gold. (e) Linked to NZ\$. (f) Coupen 1—3, 8%4%; years 4—5, 17½ bp over 3m Liber. (g) With bond warrants. Note, Yields are colonisted on ASSS basis.

# Minebea advances despite strong yen

BY YOKO SHIBATA IN TOKYO

MINEBEA, the world's largest maker of miniature ball bearings, over-came the ven's steep appreciation came the yen's steep appreciation in its first half ended March 1987, raising pre-tax profits 4.5 per cent to Y4.16bn (\$29m). Net profits were Y2.22bn, up 19 per cent. Minebes, which depends on ex-

ports for nearly 40 per cent of its covered by higher volume sales, projected at Y9bn, up 4.7 per cent, profits, staved off the negative impact of the yen's rise by shifting cent in the sales by value during cent from the previous year.

more of its production to overseas markets. Overseas production, mainly in Thailand and Singapore accounted for 97 per cent of Mine-

This appoundement appears as a matter of record only

Sales of electronic equipment and components showed a strong 27 per accounted for 97 per cent of Mine-bea's bearing output, the mainstay of the company.

eent growth, surpassing bearings sales for the first time. Overall sales rose 18.5 per cent to Y51.61bn. of the company.

During the past year, unit prices of bearing declined, but the fall was September 1987, pre-tax profits are

HOKI

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

Electric (US)

224.0 15.2

6.8% 12.5 21.3

153.2 4.9 3.1%

363,000

23%

**NEW ISSUE** 

28th April, 1987

GEC (UK)

\$0.9 4.4 7.6% 2.9 6.3

164,536



#### TOSHIBA INTERNATIONAL FINANCE (NETHERLANDS) B.V.

U.S.\$40,000,000 7% per cent. Guaranteed Bonds 1992

Unconditionally and irrevocably guaranteed by

#### TOSHIBA CORPORATION

Issue Price 1011/2 per cent.

Nomura International Limited

Mitsui Finance International Limited

**Chemical Bank International Group** 

Algemene Bank Nederland N.V.

**Daiwa Europe Limited** 

Kleinwort Benson Limited

Merrill Lynch Capital Markets Mitsui Trust International Limited

Smith Barney, Harris Upham & Co. Incorporated

# BFCE

# BANQUE FRANÇAISE **DU COMMERCE EXTERIEUR**

Yen 17,000,000,000 4% per cent. Notes due 1992

Unconditionally guaranteed by

The Republic of France

Nippon Credit International Limited

Mitsubishi Trust International Limited

**Bank of Tokyo International Limited** Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets Limited Crédit Lyonnais

Dresdner Bank Aktiengesellschaft

LTCB International Limited Mitsui Finance International Limited

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Sumitomo Finance International

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Nomura International Limited

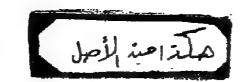
Bankers Trust International Limited Banque Nationale de Paris Caisse des Dépôts et Consignations **Credit Suisse First Boston Limited IBJ** International Limited Mitsubishi Finance International Limited

Morgan Guaranty Ltd Salomon Brothers International Limited

Société Générale **Sumitomo Trust International Limited** 

Yamaichi International (Europe) Limited

Yasuda Trust Europe Limited



**NEW ISSUE** 

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30th April, 1987



# Nippon Shokubai Kagaku Kogyo Co., Ltd. (Nippon Shokubai Kagaku Kogyo Kabushiki Kaisha)

U.S.\$80,000,000

2 per cent. Guaranteed Bonds due 1992

#### Warrants

to subscribe for shares of common stock of Nippon Shokubai Kagaku Kogyo Co., Ltd. The Bonds will be unconditionally and irrevocably guaranteed by

The Daiwa Bank, Limited

Issue Price 100 per cest-

Nomura International Limited

Daiwa Bank Capital (Management Limited)

IBJ International Limited

Banca Commerciale Italiana Baring Brothers & Co., Limited **Bankers Trust International Limited** 

Credit Saisse First Boston Limited Kleinwort Benson Limited

Citicorp Investment Bank Limited Robert Fleming & Co. Limited **KOKUSAI** Europe Limited

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Morgan Stanley International

Lazard Frères et Cie. Shearson Lehman Brothers International

Union Bank of Switzerland (Securities) Limited

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**NEW ISSUE** 

7th May, 1987



# THE SANKEI BUILDING CO., LTD. (Kabushiki Kaisha Sankei Building)

U.S.\$60,000,000

21/8 per cent. Guaranteed Bonds due 1992

#### Warrants

to subscribe for shares of common stock of The Sankei Building Co., Ltd. The Bonds will be unconditionally and irrevocably guaranteed by

The Sumitomo Bank, Limited

Issue Price 100 per cent.

Nomura International Limited

Fuji International Finance Limited

Daiwa Europe Limited **Chase Investment Bank** · DKB International Limited

Banque Nationale de Paris Credit Suisse First Boston Limited Kidder, Peabody International Limited

Kleinwort Benson Limited Merrill Lynch Capital Markets **Morgan Stanley International** 

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Mitsubishi Finance International Limited J. Henry Schroder Wagg & Co. Limited

Société Générale **Swiss Bank Corporation International Limited** 

Sumitomo Finance International Yamaichi International (Europe) Limited

Yamatane Securities (Europe) Limited

NEWISSUE

7th May, 1987



# HOKURIKU ELECTRIC INDUSTRY CO., LTD.

(Hokuriku Denki Kogyo Kabushiki Kaisha)

U.S.\$35,000,000

21/2 per cent. Guaranteed Bonds 1992

unconditionally and irrevocably guaranteed by

The Hokuriku Bank, Ltd.

Warrants

to subscribe for shares of common stock of Hokuriku Electric Industry Co., Ltd.

Issue Price 100 per cent.

Nomura International Limited

**Prudential-Bache Securities International** 

Banque Nationale de Paris

DEB International Limited

Fuji International Finance Limited

Hokuriku Finance (H.K.) Limited

**Kleinwort Benson Limited** 

KOKUSAI Europe Limited

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**NEW ISSUE** 

7th May, 1987

NTN

#### NTN TOYO BEARING CO., LTD.

(NTN Toyo Bearing Kabushiki Kaisha)

U.S.\$100,000,000

8¾ per cent. Guaranteed Bonds due 1992

Unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

Issue Price: 101.5 per cent.

**Nomura International Limited** 

**Banque Paribas Capital Markets Limited** 

The Nikko Securities Co., (Europe) Ltd. Swiss Bank Corporation International Limited

**Bank of Tokyo International Limited** 

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Sanwa International Limited

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LTCB International Limited J. Henry Schroder Wagg & Co. Limited

Morgan Grenfell & Co. Limited Toyo Trust International Limited

S. G. Warburg Securities

Yamaichi International (Europe) Limited

Nikki Tait on Tesco's bid for Hillards, which reaches a finale this week

# Yorkshire stoicism versus national muscle

EASTER MONDAY. Peter less than £15m in the current Hartley, chairman of Yorkshire year. supermarket group, Hillards, Tesco does not quarrel with decides to check bank holiday the strategy; merely suggests trade at one of his stores.

Prey to its retailing charms, speed developments. Instead, it he comes away with £80-worth rests its case on volume. Can of gardening equipment. Mrs an independent Hillards, faced

occasion when the staunch loyalty of the Hillards family, whose near-30 per cent hostile stake has bedevilled predator Tesco throughout its £223m bid. may have slipped an inch. If Tesco's case is correct, the chairman was doing just what Hillards needs.

The battle, which heads for its finale this Friday, has size a touch under 20,000 sq ft. polarised in two arguments. —in line with Tesco's own comes the vigorous assertion retailing sector, beaten only by that most aspects of a modern Asda and Morrison. For Tesco, that most aspects of a modern retailing infrastructure with only scatter-gun repre-specialist counters, central deliveries, electronic point-of-appeal is obvious. sale systems, and eventually scanning—are either in place, or on their way shortly.

And that, says the Yorkshire-based chain, is poised to pro-duce spectacular profit ad-vances. After £7.7m pre-tax in 1984-85, and £8.5m in 1985-86, the group has estimated £10.3m in the year to May 2 1987, and

Citicorp Investment Bank Limited

of 15.0% for the year.

£344 million.

£185 million.

□ Value of investment properties –

☐ 14.2% increase in net assets to

May 1987

that its larger resources would Hartley, not unnaturally, is less than enraptured.

Which seems about the only William Morrison in its Yorkshire heartland, tempt enough shoppers through its doors with

> What everyone admits is the desirability of Hillards actual store locations. Of its 40 outlets, 13 top 25,000 sq ft; 20 are between 10,000 and 25,000; and only seven are under 10,000. This makes the average store

sufficiently open purses?

Once inside, there is a good deal to support Hillards' case. Service counters in the form of in-store bakeries and delicates-sens are commonplace; seven

outlets provide petrol pumps. Longer-term, Hartley holds out a central distribution pro-gramme which will be aided by the building of a new ware-house, scheduled to open in

This announcement appears as a matter of record only.

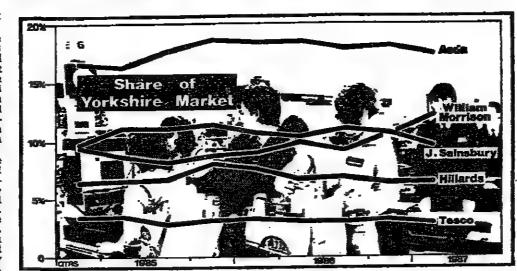
Eurocommercial Paper Program

Dealers

Morgan Stanley International

ATST

Swiss Bank Corporation International Limited



At present, most stores get deliveries weekly, with all the ettendant problems for stocking and wasted space. Come 1988/9, he estimates some

52m-worth of savings. Even so, no amount of Yorkshire stoicism can conceal the recent lack of volume growth.
During 1984/5, according to
brokers L. Messel, sales volume
in like-for-like stores fell by slightly under 1 per cent; in

the only company in the sector to show a decline. Hillards' answer is that the miners' strike hit hard; almost half its stores are in mining areas and one saw volumes fall by as much as 17 per cent. Moreover, it claims that a turn has come in the second half of 1986/7, so volumes for the year from existing stores will be up 3 per

Nevertheless, the point has been relentlessly exploited by Tesco—secure in knowledge that its own volumes rose 9 per cent in 1986-87, 4 per cent from existing stores and 5 per cent

existing stores and b per cent from new openings.

Moreover, the national chain can fairly claim that competi-tion will only get worse. The successful push by Morrisons into Yorkshire is amply spelt out by the AGB figures for Yorkshire market share (see chart) and planning consents chart). And planning consents have been granted within five miles of 28 Hillards stores.

Perhaps the clincher for Tesco is that its greater resources offer immediate answers. If successful by Friday, the larger chain plans an instant £3m refit.

In instant 15m rent.

Longer term, Tesco telks of spending some \$15m on further refurbishment and will clearly save on head office expenses. The net effect, it argues, will be to raise the sales/sq ft in fill-lards stores from \$7.60 closer to Tesco's own figure...\$8.60 in Tesco's own figure—28.60 in 1985-86 and £10.20 in 1986-87, now that Victor Value and Tesco Stores Ireland have been

shed.

If the industrial case is per-If the industrial case is per-suasive, what about the myney? In all fairness, Tes-o cannot be accused of underpaying. Its abares have risen strongly over the past week but at 530p they value each Hillards at 390.5p. That suggests an exit p/e or 33 on a fully-taxed, fully-diluted basis for 1986-87 and a 23 times multiple on the current year. Even the 342.6p cash alternative more than comparable with the Fine Fare and Safeway exit prices. The plus for Tesco is that there should still be no earnings dilution in 1987-88, even before cost-savings.

With the 10 per cent held in family trusts still firm, and some 200 small shareholders backing him, Mr Hartley has anassed a formidable 30 per cent block. Few in the City expect Tesco to fail at this price—despite the current trend against hostile bids—but given the inevitable "dead" votes, the outcome must be close.

Assuming the national chain Assuming the national chain does get home, is Hillards further evidence that regional chains are a dying breed? "They are in an increasingly difficult position," comments John Richards, at brokers Wood Mackenzie. "All the regionals have reached a stage where their ambitions go keyond their resources."

Tesco, surprisingly, disagrees. "It is the end of weak brands, not regionals," suggests David Reid, the group's finance director—pointing to Safeway and Waitrose which, if scarcely local companies in the Hillards are non-national in

But then the former has gone to Argyli and the latter is Bidg. Soc. 9th backed by John Lewis's resources. So small comfort therefor the dwindling band. Heats (Foods).

# Leather union against Hillsdown

By Richard Tomidus

THE trade union representing workers in the leather industry has made a strongly-worded plea for Hillsdown's attempted takeover of Garner Booth, the leather manufacturer, to be referred to the Monopolies and Mergers Commission.

Hillsdown, the acquisitive food-to-furniture group, is battling for Garnar Booth against Pittard, another leather manufacturer. On Friday, both contenders increased their bids, and Garnar Booth's board decided to recommend the decided to recommend the

assistant general secretary of the National Union of Footwear, Leather and Allied Trades, has written to the Trades, has written to the Trade and Industry Secretary voicing his union's strong support for the Pittard merger and its opposition to the Hillsdown

He says Hillsdown's intervention pays "scant regard" to the long-term interests of the industry and his members. "If the Hillsdown bid succeeds, the conglomerate that will result will have a disproportionate influence on the industry, with potentially serious results for Pittard."

He says a merger between Pittard and Garnar Booth would combine the companies' expertise, and ensure their success in a highly competitive world market. "Without this merger, the leather industry faces a bleak future."

FT Share Information The following securities have been added to the Share Information Service:

Information Service:
Admiral Computing (Section: Electricals); Forward Group (Electricals); Galactic Resources (Canadiens); Hemie Gold Mines (Mines, Misc.); Land Securities (Dipelatification) 2825 (Property); Nationwide Bidg. Sec. 91; Bonds 11/4/88 (Loans); Nationwide Bidg. Soc. 91; Bonds 3/5/88 (Loans); Par Pacific Petroleum N.L. (Oil and Gas); Parkins (J.) Means (Foods).

BUARD N	EETINGS
Associated Energy Services May 14. Crystalete	Frieb Distillers

#### NOTICE TO BONDHOLDERS

# THE SEIYU, LTD.

U.S.\$20,000,000 8% Convertible Bonds Due 1996 (the "Securities")

Notice is hereby given pursuant to Clause 7(8) of the Trust Dead dated January 6, 1861 in connection with the Securities, the Board of Directors of The Seiyu, Ltd. (the "Company") approved by resolution of its meeting held on April 15, 1967 the merger agreement (the "Merger Agreement") between the Company and The Kansal Seiyu, Ltd. ("Kansal Seiyu"), a consolidated subsidiary of the Company, concerning the merger of Kansal Selyu by the Company, and that the Company entered into the Merger Agreement with Kansal Selyu on April 15, 1967. Certain information with respect to the proposed merger is set out below.

It is expected that on May 28, 1987 a General Meeting of Sharaholders of the Company will be held at which the Merger Agreement will be submitted for approval by the Sharaholders. It is expected that if the Merger Agreement is approved, the assets of Kansal Selyu will be transferred to the Company on Merch 1, 1988 and the Registration of the Merger in the Commercial Register will be made in the first half of June, 1988. The basis of the Merger will be the issue of 0.5 shares of the Company for each one share of Kansal Selyu. However, as the par value of the shares of Kansal Selyu is Yen 500 per share, five shares of the Company will be allocated for each share of Kansal Selyu, provided that no new shares will be allocated to the Company for 600,000 shares of Kansal Selyu owned by the Company. of Kansal Seiyu owned by the Company. By: The Chase Manhattan Bank, N.A. London, Principal Paying Agent May 11, 1987

0

NOTICE OF PREPAYMENT THE SANWA BANK, LIMITED prated with limited liability in Japan) US\$40,000,000

**Callable Negotiable Floating Rate Dollar Certificate of Deposit** 

esued on 18th June, 1984, maturing 20th June, 1988, cellable in June,

Notice is hereby given in accordance with the conditions of the above Certificates of Deposit (the "Certificates"), as printed on the reverse of the Certificates, that The Sanwa Bank, Limited (the "Bank") will prepay all the outstanding Certificates on 18th June, 1967 (the "Prepayment

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank at Commercial Union Building, 1 Undershaft, London, EC3A SLA.

nterest will come to accrue on the Certificates on the Prepayment Date

CHEMICAL BANK INTERNATIONAL LIMITED as Agent Bank

Dated: 11th May, 1987

# United News eyes Extel's war of words with Ladbroke

writ in the High Court seeking an injunction to prevent Extel from disseminating six specific statements about it. Extel strongly denied that it had spread any of the stories and sald it would strenuously defend any legal action brought by Ladbroke's proceedings followed sharp falls in its share price after a flood of stock market rumours last week. writ in the High Court seeking However, Mr Eugene Mallon

United Newspapers, which has launched a £250m hostile takeover bid for Extel, is watching with concern the financial and sports information group's war of words with Ladbroke and retailing company.

Samuel Montagu, advising the publishing group in its bid for Extel, emphasised yesterday that United's role was that of an outsider but it was paying close attention to developments. Ladbroke on Friday issued a writ in the High Court seeking to be the property of the High Court seeking to be the possible of the commercial challenge which SIS posed to Extel's existing racing services undertimed United's argument that Leaving aside the questions at issue in the writ, Montagu said that the commercial challenge which SIS posed to Extel's existing racing services underlined United's argument that Extel needed a change in con-

strongly denied that it had spread any of the stories and sald it would strenuously defend any legal action brought by Ladbroke.

Ladbroke's proceedings followed sharp falls in its share price after a flood of stock market rumours last week. Separately, recent dealings in United, publisher of the

## Guinness Peat sets up asset management venture

Guinness Feat has set up a company called Guinness Flight Global Asset Management to handle its currency and international liquidity management, private client and officers but to the new company are the new company are to the ne private client and offshore busi-

ment of the new company ex-ceed \$1.2bn including offshore It will be owned 80 per cent funds of \$483m and managed by Guinness Peat and 20 per currency funds totalling \$298m.

**Bancomer** Sociedad Nacional de Crédito

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Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six month Interest Period, May 12, 1987 to November 12, 1987 the Notes will carry an interest rate of 711/16% per annum. On Nov-ember 12, 1987 interest of US\$117.875 will be due per US\$3,000 Note against coupon No. 11.

Agent Bank



ORION ROYAL BANK LIMITED Amember of The Royal Bank of Canada Group

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7%% per annum 2. Interest payable on next interest US\$ 389.72 payment date:

Next interest payment date: per US\$ 10,000.00 nominal November 12, 1987

May 8, 1987

BA Asia Limited Reference Agent

US\$100,000,000

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CITIBANCO By: Citibank, N.A. (CSSI Dept), Agent Bank

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Allied Irish Banks plc announces that with effect from close of business on 11th May 1987, its Base Rate will be reduced from 91/2% to 9% p.a.



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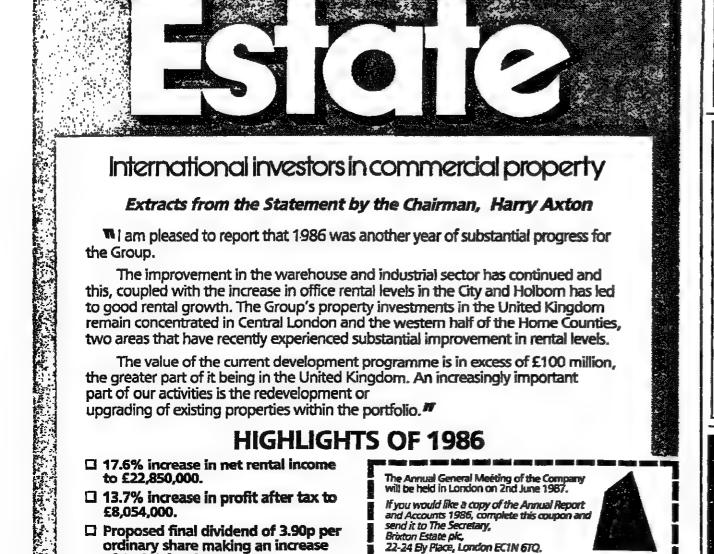
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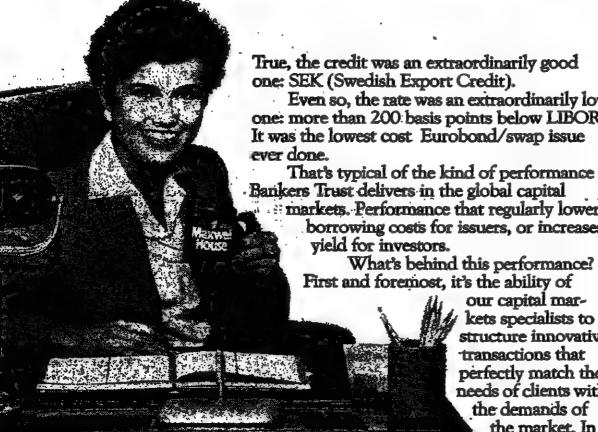
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# **UK COMPANY NEWS**

Nick Garnett looks at the restructuring of cable maker BICC

# Limbering up for the acquisition trail

BICC, the electrical engineering and construction group and time world's third largest producer of cables, looks ready to workers) and manufactures in

stretch its legs. After two years of quiet, but improved dousekeeping, partial restructuring and new plant building, one of the stalwarts of UK medium engineering is feeling confident enough to add substantial chunks of its business portfolio.

The progress of 20 or so medium and large UK and US companies engaged in activities which are near to or overlap those of BICC, are now being watched very closely by a small acquisition team in BICC's Mayfair offices.

With practice profits last year The progress of 20 or

BICC's Mayfair offices.

With pre-tax profits last year of fi01m, on turnover of f2.14bn that has remained largely static for three years, BICC has a non-controversial—some might say dreary—image. However, the board has recently been working on this, selling off non-core businesses, reducing overheads, putting in much tighter cost controls, decontract in China. centralising management and

buying one or two complemen-tary businesses.

All the recent growth has still All the recent growth has still been coming from construction subsidiary, Balfour Beatty, with cables making the kind of profits that excites no one. A sliding profit trend overall, though, appears to have been halted while a much better cash position has below to below nearly the below to be the profit.

while a much better cash posi-tion has helped to bring gearing down to 6 per cent from 31 per cent in 1985.

In the early 1980s, BICC— whose original cable making grew up on what is now Merseyide was a bit of a disappointment. It kept promising to tharpen up its operations—tome of which looked distinctly tired—but failed to deliver. Its

reputation in the City for nanaging its assets was pretty low.

This is now changing, even "hough the "uncontroversial" rag is not. Sir William Barlow, hairman of the group sincs coining it in 1984, says it is not bout to lurch into brewing or temiconductors, or any other activity with which it is totally unfamiliar. "We are not going to become a conglomerate, or anything like that."

building company.

Another area BICC has been looking at is the expunsion of a disparate group of control and systems companies it already owns in its so-called technologies division.

Tais set of eight companies made £11.5m profit last year, down on the previous two years, and with generally flat sales. Nevertheless, BICC believes there is considerable growth potential, particularly in systems design and local networks.

13 other countries—is looking very hard now at adding a third These are cables (38 per cent of turnover) and Balfour Beatty (which carries out a lot of electrical-related work, like overhead power transmission as well as construction, and

sales).
Mr Robin Biggam, the group's chief executive, who joined the company as managing director at the beginning of last year, says it has not been decided yet what that leg will be. "We want to build up businesses for the longer term that will make sense and

It might involve buying a big lump of power engineering. Babcock is one company in the list of 20, and BICC is working with it in a consortium bidding for the Yue Yang power station contract in China

Mr Biggam is a bit coy about this one. GEC, he says, would be more logical as a suitor of Babcock with BICC about number six down a list of companies that would make a good fit with it.

A third leg could be house-building, "We have an objec-tive of becoming a major house-builder. We are building up a land bank and a management team," says Mr Biggam. At the moment, Balfonr

At the moment, Balfour Beatty constructs around 400 houses a year, less than half the number that would put BICC among the top 20 UK builders. So far the group has been put off by the fancy costs involved in buying a substantial house-building company.

Mr Robin Biggam (left), chief executive, and Sir William Barlow, chairman, of BICC.

building services division of haden, adding mechanical en-gineering services to its Balfour Kilpatrick electrical engineer-

Klipatrick electrical engineering operation.
It also bought the Imbof-Bedco group of companies, which complement BICC-Vero in its technologies division, as well as taking a 30 per cent share in the Devonport dock-

yard comportium.

However, Sir William indicates that apart from the acquisition of small businesses in activities familiar to BICC, the group expects to purchase at least two or three mediumto-large companies within the near future.

#### **Perkins Meats** midway boost to £0.56m

pre-tax profits substantially from £162,000 to £562,000 in the six months to March 28 1987. However, directors said that the second half was unlikely to be

second nair was unitary to be as profitable.
Turnover rose to £10.57m (£8.17m). Tax charges increased to £192,000 (£51,000) after which earnings per share worked through at 3.85p (1.16p). The declared interim dividend is doubled at 1.2p. Directors said that talks were being held with two companies with a view to possible acquisitions.

"We would like to have a clutch of systems-related businesses," says Mr Biggam.

In the past year, BICC has actually acquired three companies which have complemented existing activities. It bought a half share in Heery of the US, and purchased the building services division of centre of attention.

This acquisition policy would not be in place if it was not for the internal work done on BICC's core operations in the past two years, says Sir William. He stresses that extracting better performance from these existing core businesses will remain the group's main centre of attention. ing better performance from these existing core businesses will remain the group's main centre of attention.

"When I came to BICC, some "When I came to BICC, some of its companies were not very well managed." says Sir William. "There had not been enough attention to earnings per share, but it was not a case of too little, too late. The company had never had a crisis, it had never missed a dividend. It had just got too comfortable."

too much fuss and bother. Cables was restructured from a company operating in 14 business units to one with four market orientated divisions, and its workforce cut from 12,500 to under 7,000.

Mr Biggam says more work needs to be done, bringing out new cables serving high tech applications while maintaining the division's world cost com-

petitiveness. Non core businesses sold off include Boschert, a power supply company which caught a cold when the personal computer market slumped; a furniputer market slumped; a ture making company, cable-drum making unit, and a scrap metal business.

Meanwhile, six new factories have come on stream since 1984, five of them in the technologies division.

West of the

Nine directors have gone for one reason or another. One third of BICC's senior managers are new to the company agers are new to the company over the past two years, while another third were in the company, but are now in different jobs. Only a third hold the posts they did before Sir William came. Head office staffing is down from 280 to 90. Sir William says much of the work since he came has been on rationalising product lines in cables, more careful setting of prices, better cash management and paying more attention to the attributable profit

"Short-term cash can pany had never had a crisis, if had never missed a dividend. It had just got too comfortable."

A large number of changes have been instituted without "Short-term cash can be generated while you are doing what you ought to do for a company like this. I like growth, but I also like good core businesses that turn in a reasonable profit."

#### PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus ") have been officially notified. Dividends to be deciared will not necessarily be at the amounts in the column headed "Announcement last year."

Announcement las	t year."		
Dista	Announce- ment lest - year	Date	Announce- mont last year
illed-LyonsMay 18	Final 8.25	Harrisons &	Clear and
eecc British	÷	CrostfeldMay 28	LINE( 10'S
Foods May 18	FIRM 4.2	Land	
ust & NZ		Securities May 13	Finel 9.9
		Metal SoxJune 9	Fine) 12.9
OC		*Karthem	
146May 20		FoodsJune 16	
wohamJune 11		Pilkington "june <u>11</u>	FIRM B.F
ootsMay 28	Final 4.8 ·	·	Final 4.172
riciah		Polly PeakMay 30	Interim 1.6
AirwaysMay 19	Final due	RHMMay 20	Interim 2.12
ritish &		RediendMay 29	Final 7.617
Com'withMay 18	Plant 2.8	Reed intlJune 4	Final 15.0
seliteMuy 28	Mani 5.5	Seatchi &	
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nglish China		*Sears	Final 25
ClaysMay 74	Interior 4.25	SkotchievJune 3	Finel 12.8
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Rate of 7%% per amount. Interest payable on the relevant interest payment date 11th August, 1987 will amount to US\$188.47 per US\$10,000

Agent Bank: Morgan Guaranty Trust Company of New York London

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Lloyds Bank Plc has reduced its Base Rate from 9.5 per cent to 9 per cent p.a. with effect from Monday 11 May 1987.

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11 May, 1367 THE CHASE MANKATTAN BANK NA. LONDON, AGENT BANK,



Shawmut Corporation U.S.\$50,000,000 Floating Rate Subordinated Notes Due 1997

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May 11, 1987, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO



#### ljubljanska banka

US\$25,000,000 Floating Rate Notes due June 1987 In accordance with the conditions of the Notes notice is hereby given that for the one-month period 11th May 1987 to 11 June 1987 (31 days), the Notes will carry an interest rate of 8% per annum.

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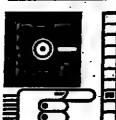
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and until 13th May, 1987, for collection from: The Company Announcements Office, The Stock Exchange, London EC2P 2BT

11th May, 1987

# FINANCIALTIMES



May May 11 1987

TO ENDS

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The second secon

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J Group

the second of many

As computer hardware prices have fallen, the software has become

more expensive. But from the suppliers'

viewpoint there are increasing pressures to deliver software systems on time, within budget and to the

clients' satisfaction, as **Philip** 

Manchester reports here.

# **Choices now** more critical

industry is in the course of one Lybrand confirms this view.

of those broad changes of direction which have characterised increasing percentage of prothis most volatile and unpredictable of industries since its early days.

It is moving from a position where the received wisdom was that the "package," generalised software which could be sold to a wide spectrum of customers without modification, held all the advantages in terms of cost, ease and speed of installation. Now, as the real cost of computing has decreased and the power of system development software has increased, the amphasis is moving in the other direction — which is not to say that the package industry is problem which received the most publicity was fitting the hew systems with existing ones. There is good reason for the success of large-scale software has becoming cost-effective again to develop software for specific attention than previously, especially as the price of software, compared with total system cost, has risen. As a result, the choice of software has become more critical and the companies which produce it have been to packaged software (the US has

Europe and the UK should which produce it have been behind the US in the supply of packaged software (the US has over 50 per cent of the world packages market), they should be able to make a good living from the supply of custom software. A recent industry analysis by the man
more critical and the companies ware developers are doing well, services. The first two categor ises, which represent the bulk of account for nearly two-thirds of software account for nearly two-thirds of market for software and services in Europe is growing at an more expensive, there has grown better.

Data Corporation (IDC), the market for software and services in Europe is growing at an more expensive, there has grown better.

While hardware prices have market for software and services in Europe is growing at an more expensive, there has grown better.

While hardware prices have market for software and services in Europe is growing at an more expensive, there has grown better.

While hardware prices have market for software and services in Europe is growing at an more expensive, there has been better.

While hardware prices have market for software and services. The first two categor ises, which represent the bulk of software account for nearly two-thirds of this revenue and they are also this revenue and they are also the account for nearly two-thirds of successful projects. The first two categor ises, which represent the bulk of software account for nearly two-thirds of this revenue and they are also this revenue and they are also the areas of largest growth.

In the UK for example, pack-aged software represents about a good sexamples.

Europe and the US in the supply of custom software account for nearly two-thirds of this revenue and they are also the areas of largest growth.

In the UK for example, pack-aged software represents about a good sexamples.

Europe and the US in the Supply of custom software account for nearly two-thirds of this revenue and they are also this revenue and they are also this revenue and they are aged so

Monday May 11 1987



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# Software in Business

have had to look more closely at vices has nearly doubled in size

become big business. As well as the market is split into five the star performers such as the categories: packaged software; US personal computer software custom-built software and consuppliers, Microsoft, Lotus and sultancy; training; facilities Ashton-Tate, the European software developers are doing well, services. The first two categories which represent the bulk of the constant of the sulface of the constant of the sulface of the constant of the constant

how they manage development from about \$13bn to an esti-projects, as well as looking at mated \$23bn this year. By 1990, the technology of building soft-ware systems.

At the same time, software has the same time, software has become big business.

To meet the demands of this craft project as another exammarket, the software industry ple. SD and other UK suppliers has had to turn its back on its built the complex software for amateur roots and become more British professional. There was a time when software development deadlines were often little more than guesswork, so that users engineering technology.
expected software to be late.
But in the past five years, the fighter project is a testim combination of external pressure from users and advances in

recent experimental fighter air-Aerospace's experimental fighter using mod-ern project management techni-

ques and advanced software "The de-briefing report on the fighter project is a testimony to the usefulness of such tools," says Mr Holmes.

He adds that glowing testimo-nials are also useful as marketing devices. A major problem for many software developers is convincing their customers that high investment in the design of project can reap

benefits later.
"You can repeatedly tell peo-

#### CONTENTS

Software applications: everwidening scope in industry and commerce

Desktop publishing: a new era in

graphics and charts Packaged software and the impact of the 32-bit microprocessor: a big impact on personal computing.

Profile: Ashton Tate, a sevenyear success story

Building software from scratch or buying packages: key questions

facing users. Market shares and growth of computing services. Graphics packages: more help for decision-makers

ple that they should invest 'up-front' in the right tools and methods. But there is no substitute for a good reference account. The BAe fighter project has proved to be an excel-lent reference project." he says. Many customers have an

incorrect view of the software development process, suggests Mr Holmes. They see programming "as just one programmer and one computer".

"But there is no such thing as 'the programmer'—there are workbench for its own use. It meeded a more formal appropria

the programmer —there are teams of programmers working together. Most software these days involves a lot of different technology—database, communications, operating systems—and you need many skills and disciplines." he adds, "You also need the management techniques to bring all those skills and disciplines together and and disciplines together and make them work." He emphasises the import-

ance of investing in the design phase of software development with a story from a large manufacturer: when visiting the manufacturer's factory, he was amazed to see each individual chip being tested before it was chip being tested before it was released to the production line. He asked why the chips were not merely sampled and was told that, for every cent spent on checking the chips, the manufacturer estimated that it saved \$100 in putting right problems caused by faulty chips once the product was shipped.

Mr Gerry Goldman, managing director of the software supplier Cullinet UK, agrees that the cost of putting right the design faults in software can be expensive. But Cullinet wants to

further. The company built its clent and profitable so we are reputation on database soft- constantly reviewing software ware technology with its IDMS/ engineering technology and R database for large IBM computers. Recently, it started to Logica has developed what Mr.

the street of the second

opportunity to bring together a set of technologies including project management, on-line tutorial systems and other train-

ing technologies. "The aim is to bring all of the activities at implementation together under a project management system and automate them as far as possible," he explains.

Workbench for its own use. It needed a more formal approach to cut the cost of putting in its database products and evolved it over a number of years before it was spotted by one of its customers.

"In the end, our customers began to ask for it," says Mr Goldman.

The evolution of this product typifies a trend towards better management that has helped to improve the software industry's ability to deliver projects on

time. Logica, another major UK software developer, has also evolved internal project man-agement methods which it has

expensive. But Cullinet wants to software companies have take the automation of the soft- responded to this." he adds. " A ware development process even public company needs to be effi-

puters. Recently, it started to supply tools to help build software and to instal it.

"We asked ourselves the question: What is the cost of implementing a system? We found that it could be as much is a dogmark and methods. He stresses that it is not a dogmark it and methods. as 80 per cent of the total cost of is not a dogmatic approach—" it

the project.

"If you include the cost of printing instruction manuals, of training users and of coping with the changes to the system once it is running live, you come up with a large figure." says Mr Goldman.

Cullinet has put together a system called implementation Workbench, which aims to help reduce this figure.

is not a dogmatic approach." It is just a series of quality development tools and a well-defined approach."

Logica recognises that users have their own habits and preferences. Any management method that Logica adopts must be able to cater for this. Furthermore, it makes it much easier to market. Logica's Life Cycle development system is now commercially marketed.

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# SOFTWARE IN BUSINESS 2

Software system applications in the motor industry

# Making data make more sense

THERE ARE very few motor industry suppliers which have contracts with both General Motors, the world's largest auto-motive group, and Ford, the second largest. But Alison Associates, a company which specialises solely in the design of computer software systems for vehicle manufacturers, is

among the select few. Last month, Ford of Britain told its 400 main dealers that it was no longer using its own dealer management system, which has been in use since 1971, in favour of one devised by Alison.

General Motors in the UK, where it uses the Vauxhall, Opel and Bedford names, has oper and Bedford names, has been a customer since early 1986. Alison developed for GM, now its biggest single customer, a system called Tracker.

a system called Iracker.
Peter Batchelor, marketing director of Vauxhall Motors, points out: "From our point of view it is vital to know what is happening at the retail end. We ed to know about dealer profitability, the volumes we are selling. If we don't have profitable dealers, we don't have a shop window from which to sell our products.

"Alison has a small but very professional team who know what dealers want." previously-recom-GM's

mended computer-based dealer management accounting system attracted fewer than 300 dealers. Already about 500 of GM's .650 UK dealers have signed up for Tracker,

"We were not getting particu-larly good data from the old system. Alison works to purify the data which makes the output more meaningful," says Mr

"Tracker tremendously to inter-company comparison throughout the GM dealer network. We can comthe national average, or the ten "The system helps GM help

the dealer because we are reg-ularly updating dealer trends and changes in the market." Ian Napier, manager, dealer operations, Ford of Britain, Says

the system Alison devised for his company will "speed up the process whereby dealers are able to assess their perform-ance against national norms. It will help dealers to react quick-

This problem of communicating information to busy management is not solved by the traditional solution of printing a large volume of numbers on paper,
"Numbers are, of course, always necessary but information on crucial trends and developments can only be effectively communicated via graphics." So Alison has become expert

systems. Chris Bennett, a solicitor who

caris Benned, a solicitor who started the company in his garage in 1978, says it has always been his view that computers should be used as tools for management and "unless they can provide management with assistance in the difficult task of

daily decision making they are

"Individual dealer managers, both at board level and at de-

partmental level, need informa-tion and they need it quickly.

ly, to improve their company's in the production of high-business efficiency and we are extremely pleased with it." including integrated line Alison is based at Reading.

Berkshire, employs about 20
people and last year had a turnover of about £1m. It now has 17 major motor industry clients, ranging alphabetically from Circoen to Volvo, who between them sell eight out of the processing 250,000 sheets a processing 250,000 including integrated

end of this year Alison will be processing 250,000 sheets a month, all with different graphics and text and he claims that no other organisation is doing the same thing on such a large scale in the UK. tween them sell eight out of ten new cars in the UK. About 25 per cent of the franchised car dealers in the UK are now Ali-son's clients. The key to Alison's current success is an innovative approach to dealer-composite

"Composite" provides an im-portant link between the vehi-cle manufacturer and its dealer network and is based on the regular submission of accoun-ting data by dealerships.

Alison validates and confirms the data to make sure that the "rubbish in rubbish out" syn-drome does not take effect. where appearent anomalies are spotted in a dealer's return, a polite telephone inquiry is made to check. More often than not, says Mr Bennett, the problem arose because the information was entered on the wrong

Comprehensive, tailor-made reports are then prepared for dealers and the manufacturer. Mr Bennett says the speed at which this is done helps Alison keep ahead of its rivals from the hir computer software hurrous transfer big computer software bureaux (Alison fought off competition ware companies to win the GM



director of Allson Associa and, right, graphic examples of AA's composite and manage

Preparation of a report takes no more than three days follow-ing receipt of the information. Ford has asked for the turn-round to be cut to 48 hours for

Dealers receive reports which Every dealer's monthly accounts are kept for 36 months analyse their performance and which gives manufacturers a valuable resource to track trends the manufacturer receives analysis of the performance of

DIRECT PROFIT % TURNOVER MATIONAL SALES MIX B (re'IS) AMERICA (11.85) Street ( 784) SOUTSHOP E (19 KE) PARTS 2 ( 8 St.) PORECOUNT ES ( 4 SE) REMAN A ( 2.00) OTHER DEFTS

DIRECT PROFIT PER EMPLOYEE

ship, group, region and nationally. All the reports incorporate graphics which show dealer frends by use of line graphs and bar charts.

Every dealer's monthly and ideas about why one

nanonally. All the reports incorporate graphics which show
dealer frends by use of line
graphs and bar charts.

Every dealer's monthly
accounts are kept for 36 months
which gives manufacturers a
valuable resource to track
rends.

Among other things it has en-

Mr Bennett says: "Most dealers have very sophisticated accounting systems and have invested heavily in transferring them to computer-based systems. It helps the dealer tremendously to have his performance rated against the national and regional aver-

Most dealers take a very posi-tive view and do not see the Allson system as a "big brother" watchdog. In any case, many manufacturers, including GM manuscurers, including GM and Ford, insist under the terms of awarding the franchise that dealers present them with monthly management accounts.

Where dealers are suspicious and not bound to give the in-formation, Alison will not hand on details to the manufacturer unless the dealer gives permis-

Various procedures are used to ensure confidentiality. To take a simple example: there is careful screening of the en-velopes in which the reports are sent to dealers to make sure that nobody receives a competitor's

Mr Bennett suggests "there Mr Bennett suggests "there are not many companies of our size with so many blue-chip customers." The only major manufacturers who are not on the list are the Volkswagen-Audi importer in the UK (a Lohrho subsidiary which uses an inhouse dealer management accountings system) and Austin Rover.

He has some hope that at least one of them will join his client-list before long.

Kenneth Gooding

earn

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Systems Centre in the West End of London. If you'd like more details of the desktop publishing training programme, please contact Carol Conrad at the address below.

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# Car plant quality

control

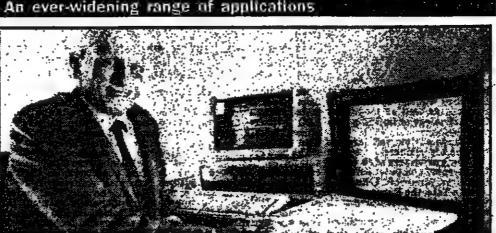
JAGUAR CARS has awarded a contract in excess of £400,000 to Logics for the development of a quality surveillance centre at its Coventry car assembly plant. The order is for the first of three phases to be implemented by Logica. It will provide a distributed shopfloor quality system incorporating advanced system incorporating advanced computer-based speech technology and teletext. The system will significantly

The system will significantly change the way in which a production line inspector works. The traditional clipboard and quality report card will be replaced by a radio headset.

The computer will synthesise human speech to direct the inspection process, and the inspection are report to compute the constitutions.

inspector can report by speak-ing to the computer. Any faults found will be rapidly fed back to the assembly lines warning workers to take more care in the Sophisticated teletext techniques will be used to direct fault information to trackside TV monitors in those zones originating faults.

By generating rectification notices for any faults found and managing the whole ciffication process, the system will help to prevent any faulty cars from leaving the factory. Historical quality information will be maintained and anlyses performed in support of medium and longer term man-



ssign Compisting's graphics module offers full 30 modelik cluding orthographic, trimetric and perspective.

use a factory-wide broadband local area network for com-munication between its consti-tuent hardware—IBM-PCs on the shopfloor for speech-driven inspection and fault rectifica-tion; Logica-developed hard-ware to support teletext on the assembly line TV monitors; and a DEC microVAX running an ORACLE relational database application in the quality assur-

ance department. feedback of information and the disciplined management of fault rectification will provide benefits through cost savings from reductions in fault rectification production disruption and warranty claims.

### Banking software torum

A NUMBER of major banks in the UK which use financial soft-ware from MSA (Management Science America) have formally established the Banking Users Group (BAKUP).

The group's chairman, Mr Michael Everington of Midland Bank, sees it as a significant development in a sector where such user groups are not traditional, not least because technology has become

petitive advantage.
The group, independent of MSA but set up with the software company's support, has been founded by the Midland Group, Kleinwort Benson, the Swiss Bank and the Westpac Corporation. Banking Corporation—all of which are using financial application packages from MSA. including general ledger, accounts-payable, information expert and financial controller

Michael Everington, head of the Midland's accounting development unit, first mooted the idea of such a forum. The group will meet monthly to dis-cuse major issues and identify cuse major issues and identify common requirements for developments and enhancements to the MSA products.

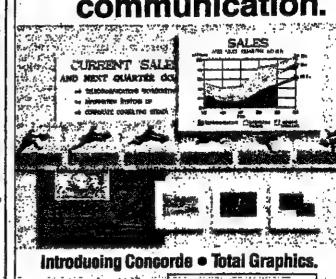
Mr Everington's intention is to have both data processing and end-user representatives at the meetings, and he is keen to atress that the group will "roll up its sleeves—it won't just be a paper-shifting committee."

According to MSA, the last 12 months have seen a sudden rise

months have seen a sudden rise in the use of packaged software by financial institutions, with deregulation bringing a focus to back-office systems as the market has become more competi-

MSA claims to be the world's leading supplier of IBM mainframe applications software with over 14,500 systems installed. In 1986, revenues exceeded

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## New system to help architects

WITH THE launch of Design Computing, Mr Bob Phillips, the Bristol company's managing director, is determined to change the architect's way of life, and more importantly— work. He realised, through his own practice and from Design Computing's existing user-base that the time-saving and contro facilities of a computer-aided design (CAD) system could be further enhanced to encompass all the business activities of an

architectural practice.

"The architectural market is showing a lot of interest in CAD," says Mr Phillips, "but our research identified a definite need to approach the com-plets range of business activities within such a practice-in fact, to produce an Architects Business Package.

Business Package."

The development of that concept, originally called "Ginga," has led to the funding of the company. This, in turn, has allowed the building of a team to advance both the initial product, and its further development, called "Archway," both in the UK and Europe.

Phillips' interest in CAD evolved when working in an academic capacity for Bristol University's Architecture

University's Architecture Department. Here he met Mike Beaumont who was to become his partner in forming Design Computing in 1981.

With assistance from their financial advisers, Design Com-

financial advisers, Design Computing went on the venture trail.

The search led Design Computing to Prelude Technology Investment, a venture capital organisation, based in Cambridge.

Keith Padbury, one of the cofounders of Prelude, comments:

"We are more than just a cash injector. We all have experience of running an expanding business in the technological sector and have either technology or financial backgrounds.

sector and have either technology or financial backgrounds. This means we are able to provide commercial as well as financial direction."

Prelude agreed with Design Computing to set about finding a high calibre marketing team with a sound knowledge of CAD and the European market-place—qualifications necessary for the proposed European distribution fietwork.

The necessary expertise was sound in the form of John Meaney and Nigel Payne. The two have subsequently joined forces to form Design Computing Europe, a wholly-owned subsidiary of Design Computing Meaney company that and the subsidiary of Design Computing Meaney company that that and the subsidiary of Design Computing Meaney company that the subsidiary of Design Computing Meaney ing. Meaney comments that " all too often product developments fall because the developer is unable to identify and assign the correct distribution channels. Good product developers are unlikely to be experts in marketing and distribution

Prelude agreed to inject £400,000 into Design Computing at the end of November 1986, giving Padbury a seat on their

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#### **SOFTWARE IN BUSINESS 3**

Desktop publishing

# Optimism over long-term prospects

DESKTOP publishing "turns highly paid executives into second-rate designers"—this is the view of one part of the com-puter industry, particularly of those suppliers who are not entering the market

ar May 11 1987

Korneth Gold

siness cation

on the other hand those who have entered the market predict that dealtop publishing software will eventually become as commonplace in the office as the spreadsheet or even the

On the letter view, there is an underlying belief that corporate man no longer wants to com-municate with words only but with lots of graphics images and charts, and with a choice of many different typefonts and

After all, people do not think in sequential text mode, so why should they be made to express themselves in that manner? The reality lies somewhere

are reality hes somewhere between these two opinions.
"You get a slick presentation from the dealer," says Mr Jonathan Wright, joint managing director of Technology Services International (TSI), a specialist, recruitment agency for information technology. for information technology per-"Then when you have bought

"Then when you have bought the desktop publishing soft-ware, you realise that it is simply a page makeup package and that you really need separate packages for word processing graphics, artwork and so on, all of which have to be integrated into one system.

"We are in the process of installing Xerox's Ventura desktop publishing software on IBM PC compatible personal computers but that alone does not give you a full desktop pub-

lishing system.
"It also needs significant skills because we find that even with aids such as screen lcons and mouse pointers for keyboard-shy operators it is still-very complicated to use.

Having said that, we have

found it to be very good for internal purposes. It does not produce camera-ready artwork for our recruitment advertisements, but it does allow us to produce rough layouts cheaply on a laser printer for proposals to clients before going to type-

"You can still output it elec-tronically to a diskette and send it off to a typesetter for page

The electronic publishing market seems to be racing off in



Mastering office paperwork: Systems to manage documents for workgroups ranging in size from a few people to hundreds are assembled above, from Xerox Document Solutions equipment. Personal computers and word processo ors can share a laser printer, so even a small office can create professional-quality publications. Equipment configurations are de

mands to full-blown computeraided design graphics systems for major publishers and newspaper groups.

However, the prevailing definition of a desktop publishing system at present says that it comprises a personal computer based workstation connected to a laser printer for personality output, with connected to a laser printer for near-typeet quality output, with optional image scanner input. The Apple MacIntosh personal computer has been the most successful in this market. Mr David Jones, who joined Apple UK as desktop publishing marketing manager in 1985, says: "As far as we are concerned, desktop publishing was born out of three principal elements."

ments.

ned screen and the 32-bit microprocessor which had enough horsepower to move graphics

around quickly.
"The second element is the Laserwriter printer, driven by Adobe's PostScript which is now the industry standard software for laser printers.
"The third element was the

ability to share this resource using Appletalk to allow other using Appletalk to allow other Apples to come into a PC network. The principal software product is Aldus's Pagemaker. Apple, Aldus and Adobe effectively ploneered desktop publishing."

In 1985, according to Mr Jones, there were less than 1,000 desktop publishing systems installed in the UK although there were other user-friendly.

all directions at the moment, eovering anything from word processing software with embedded typesetting com-

By 1986, there were 14,000 systems sold throughout Europe, of files to drive laser printers or typesetters for output in seven which about 70 per cent came from Apple. Traditionally, the present sizes from A3 to A5 or custom page sizes to a maximum of 17 by 22 inches.

from Apple. Traditionally, the UK makes up 20 per cent of the European computer market but in desktop publishing, the UK has 25 per cent. With an average system price of \$8,000 to \$9,000, this works out to a market of about \$30m. Originally available for the Apple MacIntosh only because IBM's PC graphics did not come up to scratch at the time, Pagemaker is now available for the IBM PC range. We estimate that something like 20,000 systems will be sold

Mr Derek Grey, managing director of Aldus UK, says: "Some predictions put the worldwide desktop publishing market at \$50n by 1990, but the reality is that nobody knows what it is worth. in the UK in 1987, although about 40 per cent of this market will be desktop publishing upgrades to existing personal computers like the IBM PC AT, "We support Pagemaker in

costing around \$4,000 and using additional graphics facilities, seven languages. In our first 12, months of trading, we shipped more than 50,000 copies of the MacIntosh version of Aldus's Pagemaker pulls in text, graphics and scanned image files from other software pack-Pagemaker, worldwide. An independent survey of compu-

ter dealers in the US puts us in fourth position in US software sales behind companies like Lotus and Ashton Tate.

"Our view is that we are at the same stage as the spreadsheet was about six or seven years ago when people thought it was only going to be used by specialist users for sophisticated finan-cial modelling. "The fact is that today almost

every PC has one and there is no doubt in my mind that desktop publishing software will go the

same way."

Mr Charles Geschke and Mr
John Warnock, co-founders of
Adobe Systems both ten the
Xerox Palo Alto Research Ceotre where they worked in 1982,
the home of many innovations. Apple's MacIntosh design is very much based on Xerox's Smalltalk research project, for

example.

Mr Geschke was involved in the research which led to the Xerox Star corporate pub-lishing and documentation workstation, and also to the interpress printing protocol.
Our original business plan
was to build a fully integrated

system for printing and pub-lishing he says. "This would have used a workstation, printer and type-setter, and would have involved selling not only software, but a complete turnkey system direct to users.

"We soon discovered that there were people both in com-puting and in typesetting who wanted to have access to faster technology but did not under-stand how to organise the software, so we changed our busi-ness to become a supplier to original equipment manufacturers (OEMs).

ers (OEMs).

"The Apple Laserwriter was introduced in January 1985 and provided our first major client, but we also announced a relationship with Linotype which provided us with a licence to their entire type library, and which would lead to the development of a typesetter to incorporate our software and to incorporate our software and

electronics design."

The IBM PC is still trying to catch up with the Apple MacIntosh in desktop publishing, and the enhanced graphics facilities of IBM's newly announced Personal System 2 should help

it along. Xerox has already launched Ventura, based on Digital Research's Graphics Environment Manager (Gem) products.
Several weeks ago, Digital
Research itself launched its
own Gem Desktop publisher.
Boris Sedacoa

# 3D modelling package

A FULL 3D modelling software package with all the power and facilities of a mini computer system is now available for personal computers from Carbs Juternational Marketing

Design applications include industrial component manufactoring, domestic appliance manufacturing, architecture and interior, furniture and tex-

The package is now available for IBM PCs and will provide users with the full functions of the original system. Eagle was launched by Carbs over seven years ago and is in use throughout the world for applications as diverse as pro-cess engineering and coal mine development, under the brand names of Acropolis and

includes training. This, the company claims, makes possi-ble full-colour, intelligent. 3D modelling turnkey systems for under £10,000.

Mr David Darn, marketing director, explains: "There is a major market for a low-cost, versatile 3D modelling system for PC. The traditional route is to use this smaller end of the market to develop the systems building up to the mini computer scale or to reduce the facili-ties of larger versions.

"Eagle was developed ori-ginally for the more powerful market and we are now making it available, with all its facilithes, for the growing number of PC users. Our philosophy is that this version will allow them to prove the benefits of CAD systems without spending enormous sums of money," he

## Graphics software deal

PANSOPHIC SYSTEMS, one of committed to developing the the world's leading indepen-dent software companies, is set to break new ground in the PC graphics arena through an

graphics arens through an arrangement with audio-visual communications consultants, Mediatech.

Under the arrangement, Mediatech will distribute Starburst Plus, the PC graphics package recently acquired by Pansophic from AVL. According to Mr. Terry Eving Panding t ding to Mr Terry Ewing, Pan-sophic's vice president of Euro-pean operations, Pansophic is

product and has already inter-faced it with the D-PICT graphics product line currently running on mainframes and

"PC graphics packages are a totally new arena for us," said

Mr Ewing.
" Mediatech has been marketing Starburst Plus in the UK for a number of years. The company has a depth of experience in graphics and presentation tools which we believe will prove very useful."

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mouse drivers, and so on."

ages and produces "command



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across all six elements, which is the last word in live integration.

Ability Plus comprises word processing, spreadsheets, business graphics, database, communications and Presentation! (the PC "slide show" builder). And it also gives you a saving of nearly £400 over the competition.

But perhaps most impressive of all is Ability Plus' fully relational database. Which means it can look up information, whether you're working with a spreadsheet, database, graph or document, then correlate it easily.

Inbuilt into its design are flexible and extensive data validation procedures. These, combined with

the backup and retrieval functions, give you complete data integrity and security.

All this is achieved without time-consuming and complex programming procedures. It has very comprehensive and advanced macro functions, so you can tailor your own system very easily.

Ability Plus gives you a really powerful word processor. It has an English spell-checker and it gives you features like subscript and superscript, triple line headers and footers, even decimal tabs.

And when it comes to importing and exporting files from other software programs, you'll find Ability Plus makes it simplicity itself.

Requiring just 384k RAM memory, it's a lot less

greedy than the 512k RAM of Symphony, for

Ability Plus gives you capacity, flexibility, seamless integration and yet (compared to the competition) it's childsplay to operate.

THE ABILITY PLUS HERITAGE.

Ability Plus is the latest software product designed specifically for the British market by Migent (UK) Limited.

Our successful understanding of precisely what the business software market needs is demonstrated by the impact made by Ability.

Common to both of them (and to the products we are currently developing) is ease of use, significant and pertinent features for the busy businessman and a truly competitive price.

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Ability owners are given the opportunity to upgrade from Ability to Ability Plus for just £69, plus VAT.

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Profile: Ashton-Tate

# A seven-year success story

seemed to be in an entrepreneu-rial frenzy, inspired by the dramatic success of Apple Com-

puter.

Like the founders of Apple, Hal

Lashlee and George Tate
developed their product, a software package for developing
personal computer database
applications, in the back of a
garage. They raised their initial
capital—\$75,000 from friends
and other private sources.

That product, dBase II. along

about the 'applications backlog' and the 'software crisis.'

with data processing managers throughout the US snowed under with demands for new systems. dBase II was quickly picked up by the computer press as 'the saviour system'.

At last managers could avoid the queue and develop their own applications on their own desktop computers.

Many wild claims were made business graphics software company. Decision Resources. The company has also amounced its first products aimed at linking dBase users to users of System 36 IBM minicomputers, and others aimed at users of Digital Equipment minicomputers will follow.

The diversification strategy has been of limited success up to now, albelt for positive

"A CLASSIC case study in American corporate development"—this is how the US software company, Ashton-Tate, describes itself in its latest annual report. The description is not only justified by the company's remarkable success in its short seven-year history, but is characteristic of a company which has always had a strong sense of destiny.

Ashton-Tate was formed in the summer of 1980 by two ambitious computer enthusiasts at a time when much of California seemed to be in an entrepreneurial frenzy, inspired by the dramatic success of Apple Communications. The company was ambitious of the company was ambitious as a stage of the computer press. It was variously described as an applications generator, a database management system and a fourth generation language. "At the time it was a staggering facility to have on a micro," says Mr Sloane.

The company was ambitious as the UK's managing director, Mr Paul Sloane admits, "The name dBase II gave it an air of pedigree which it did not have." There was no dBase I.

The product was rarely off the front pages of the computer press. It was variously described as an applications generator, a database management system and a fourth generation language. "At the time it was a staggering facility to have on a micro," says Mr Sloane.

The company was ambitious loans and they did Ashton-Tate was no page of the computer was no dBase I.

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The product was rarely off the front pages of the computer was no dBase I.

The product was rarely off the front pages of the computer was no dBase I.

The company was ambitious from day one, and an international distribution network was quickly established. Its growth has been rapid and sustained. Sales have least from was quickly established. Its growth has been rapid and sustained. Sales have leapt from \$3.6m in 1982 to \$121.6m while profits more than doubled in 1986 to reach \$16.5m.

With several acquisitions now under its belt, the company is valued at some \$600m.

During its one troubled year, 1980 to 1

That product, dBase II, along with its successors dBase III During its one troubled year, and dBase III Plus, now dominates the world market for personal computer database soft-

sonal computer database software. Last year, the millionth
copy of a dBase product was
shipped. There are 100,000
users in the UK aione.

Right from the start Lashiee
and Tate demonstrated
entrepreneurial flair. With a
company has introduced the
dBase II products, which were
developed specially for 16-bit
combination of luck and judgment, dBase II was introduced
right in the middle of the debate
about the 'sonlications' hacklog'
company Multimate and the grated software system, and bought the word processing company, Multimate, and the business graphics software com-



between 60 per cent and 70 per cent of the personal computer high function database market. But some observers have been quick to see problems for Ashton-Tate in the new IBM Personal System 2 announcements. The new top end OS/2 operating system will incorporate some kind of database man-

agement function which could in theory make dBase unnecessary, while the power of the top models will tempt more com-petition from established mini-computer database software Ashton-Tate says it is not worried by these developments.
The low-end personal computer market will continue to thrive, while users of the new models will, it believes, demand the familiar dBase with its powerful

Andrew Lawrence

Packaged software and new technology

# Big impact on personal computing

SPECULATION about the impact of the 32 bit microprocessor on the world of perso-nal computing has reached a frenzied pitch since early April, when IBM announced its new Personal System/2 computer range and Microsoft, the US software house with which it cooperates, unveiled details of its new operating system software,

The most powerful of the computers announced by IBM, the Personal System Model 80, uses a 32 bit processor, the Intel 80386, which can process 32 in-structions simultaneously, twice as much as the previous 16 bit processors on which the IBM

bit processors on which the IBM PC was based.

The Microsoft operating system OS/2, which controls the housekeeping tasks of the computer, makes full use of the so called "protected mode " of the EMB6 and the earlier Intel 20286 processor, unleashing vast amounts of memory space and high speed processing power to high speed processing power to the software developer. The experts are predicting that these announcements will have a dramatic impact on personal computing.

In technology terms these new

products represent a big step forward rather than a quantum leap. IBM was by no means the first company to announce a product using the 30386 processor, nor was Microsoft the first sor, nor was Microsoft the first to announce an operating system to run on the chip. Nor, indeed, is the 30386 the first 32 processor—the Motorola 68000 family and the National Semiconductor 32000 series both predated the Intel products and have been incorporated in several personal computer and

have been incorporated in several personal computer and workstation products.

But IBM still dominates the computer industry and its personal computers still set the standards everyone else follows, while Microsoft has the lion's share of the market for personal computer operating systems. The two companies will provide marketing might to encourage the development of

An architectural firm using IBM's new Personal System/2 Model 80 to solve complex mathematical scientific and engineering problems. A 16 In. high-addressability display unit, shown above, gives users even sharper-definition graphics and the facility to choose from up to 256 colours out of a palette of more than 256,000. On the left side of the table is the IBM 5.25 in. external diskette drive. Behind it is the new IBM Proprinter XL 24

general purpose 32 bit appliestions software.

In consequence, almost every major personal computer software company in the world, and several which have previously concentrated on minicomputers reacted within days if not seem to see the second several within days if not seem to see the second several within days if not seem to see the second several display.

Motorola, with its 68000 family of processors, has had even greater success.

These products are typically ware houses is to find applications which can actually use the new power and which the market wants. Software houses must come up with problems which In consequence, almost every major personal computer soft-ware company in the world, and several which have previously concentrated on minicomputers, reacted within days if not hours, saying they would be launching software for the new OS/2 operating system.

Among them are all the leading software vendors, such as Lotus, which supplies the 1-2-3

Lotus, which supplies the 1-2-3 spreadsheet and the Symphony integrated suites, Ashton Tate, which markets the dBase III database, Micropro, developers of Wordstar and AutoDesk, originators of the highly regarded AutoCad computer sided design

in all, as many as 250 companies are reported to have plans to develop OS/2 products. The impact of 32 bit processors up to now has been considerable in technical computing but negligible in general business computing. National Semiconductor claims that 200 outcomers worldwide are using

design workstations where a sophisticated screen display must be backed up by fast mathematical computation.

Other specialist "turnkey" systems have also been developed which are designed specially for one job—for example the Scicon "Director" sixualities. aircraft simulation training

80386 brings different opportu-nities altogether, Even without the OS/2 operating system it could run standard IBM PC customers worldwide are using applications such as spread-its 320000 family processors and sheets and word processors up tems to use as "file servers" for another 1,800 are evaluating it to four times faster than on a network of computers or as the

ware houses is to find applications which can actually use the
new power and which the market wants. Software houses must
come up with problems which
demand sophisticated solutions. As Microsoft's founder
Bill Gates has put it: "Can we
soak up the cycles?"

If there is one thing on which
all the computer companium

all the computer companies seem to be agreed it is that " the more power you give a user, the more he will use."

Using the Unix multi-user operating system, which can support several terminals powered by one processor, several multi-user "supermicro" systems have also been developed using the 68000, but they have not taken a major share of the PC market.

The coming of age of the Intel 28336 brings different opportu-Compaq Deskpro 386 computers and others simply to make their spreadsheets give them answers more quickly.

Other users will want the sys-

central processor supporting a number of terminals.

"Multi-user" operating systems, such as Digital Research's Concurrent DOS and the BOS operating system from the UK company BOS Software, already support hundreds of applications. Computers which use these systems, such as those built by the UK companies, Rair and Comart, will now be able to support as many terminals as many small minicomputers.

The full implications of the processor's multi-user possibilities have yet to emerge. The 80386 supports the ability for one Unix multi-user operating system to run several different terminals, each one appearing to the user exactly like their old my PC.

TRM itself is rumoured to be developing a new multi-user operating system with Microsoft—a development which would prompt questions about the future of the IBM System 36 minicomputer.

For most users the really ex-citing possibilities lie with en-tirely new software. Programs to' read large optical disks packed with information with information are already under development.

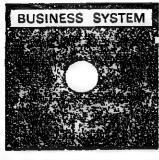
Companies such as Micropry are talking of supplying special-ist dictionaries, such as medical or legal, for use with their word-processors. Lotus Development is on the verge of making seve-ral major announcements which should dramatically increase the facilities of the 1-2-3 spread-

Desktop publishing, which involves high quality graphics, is emerging as a major area of interest for software houses, while office automation could be boosted by a resurgence in the use of optical character recognition, in which existing documents are scanned and can then be processed by the com-puter. The technology is well understood, but has yet to make much of an impact on the

It also seems certain that the It also seems certain that the new power available will speed up the development of artificial intelligence and expert systems, which use up considerable amounts of power and memory. With that power available on the desktop, users can ask for advice from a personal computer which has been programmed with professional expertise.

# THREE OF THESE DISKS

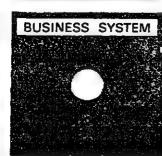
# THE OTHER ONE COUL IMPROVE IT NO END





BUSINESS SYSTEM





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# Not all accounting software really measures up. When an accounting system forces you to run-of-the-mill accounting packages. It has

choose between ease and capability, the nearest you'll ever get to a good fit is a reasonable compromise. Unfortunately, that's the choice you get with a lot of the so-called "easy-to-use" accounting software packages. They aren't comprehensive enough. Or they're quickly outgrown. You may not be able to run them on the equipment you'd like to buy. Even worse, their idea of formats, reports. management structures and general business style may be vastly different from your own.

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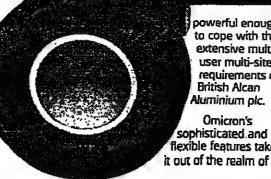
Omicron Accounting Software is very different. We begin with the premise that you know more about running your business and making it grow than we do. Then we offer you a means to high quality management information that can keep up with changing needs of a smaller but ambitious company like Tiger Books International Ltd., yet is

powerful report writers that allow you to create the management reports most useful to your business. And its coherent structure puts all your business activities in perspective. In fact, chartered accountants Deloitte Haskins & Sells were impressed enough to feature Omicron Accounting Software in their book <u>Businessman's Guide to Microcomputers</u>. They commented, ... they have facilities to play an integral role in a management information and control system."

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employing line, bar and pie

charts. The emphasis here is on ease of use and data manipula-

The purpose of presentation graphics on the other hand, is to

inform or persuade using com-

puter generated material where

quality and clarity are para-

.This includes charting and illustration systems, painting

systems, image editing and

animation in a similar manner

"Our experience in selling mainframe financial modelling software packages taught us

that managers responded better

to information presented in graphics form," says Ian McNaught Davis, managing director of Comshare UK.

" We have been working on a

future product called Executive

to that used in advertising.

### SOFTWARE IN BUSINESS 5

UNTIL RECENTLY there were two ways to put an application on a computer. The software to make the application work was either written from scratch (customer-built) or a software

Tan May II 1887

Fig. 1920 Fig. 2 (1) F

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Angres Les

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Both approaches have their advantages and disadvantages. Building custom or "bespoke" software allows the computer user to specify exactly what is required and generate software to meet this requirement. But custom-built systems are expensive both to build and to main-

Packages are less expensive and maintenance is the responsibility of the supplier. responsibility of the supplier. But packages invariably fall short of the specific requirements of a company. This means that they must either be modified or the company must change its way of doing business to fit in with the package.

Another disadvantage of packages is that they make it difficult for owners of the same package to gain commercial advantage from their computer systems.

systems.

For many computer applications the choice is dictated by the application. No one would think of building a spreadsheet or a wordprocessing package for themselves. It is easier and cheaper to buy one. Yet a largescale, on-line order processing system is unlikely to be covered by a package because each com-pany works differently and the software will usually be custom built. These systems, which have many users working simpl. taneously, could only be instalern microcomputers brings such systems within the reach of smaller companies. Often these

in their use. begun to react to this, however, and are looking for ways of combining the two approaches. In are brought together with new the past few years software programs to produce the final package suppliers and service companies that write custom—

All major software service

companies cannot afford a fully

with the advantages of custom- and production advantages. Sci-

built software.

Package suppliers now offer systems in specific market high-level programming languages and methods, linked to "We believe that a software their packages, which can be company must be application completely custom built. Mr Waita sees the kernel approach as better than a straightforward package their packages, which can be company must be application because it is more flexible. He

Key questions for users when building or buying software

# **Application often** dictates choice



led by large, rich companies.

But the dramatic fall in the cost of hardware and the increased performance of mod
But the dramatic fall in the motorola 68020 processor. Director is a standard Scicon product for training air traffic controllers from all over the world. The arresports power costlets the system in simulate registrally. processor's power enables the system to simulate realistics aimost any air traffic control situation.

used to add new functions to the oriented package and gear it to a specific oriented," says Mr Waite. custom-built system and find package a the available packages limited customer.

their use. At the same time, software Software companies have service companies build custom systems from small component programs or a "kernel" which are brought together with new

built software have started to move closer together.

As a result a new approach to software development has emerged. It attempts to combine a BP subsidiary, says that the advantages of the package approach brings both technical and major software services and serv

technology not We have concentrated on the oil sector, manufacturing and finance as well as government contracts and have evolved our

kernel systems approach in these areas," he adds. The essence of Scicon's approach is that it "re-uses" mponents which are common to an industry and combines them to give the customer a uni-que system. It also allows Sci-con to offer custom-built soft-ware at a lower price and a shorter time scale when com-pared with a system which is

notes: "A package cannot stand still It must be continually growing to keep up with the application. The kernel-plus-tools approach allows for this."

Scicon, in common with many other custom software builders, also sells packages and Waite says that 30 per cent of Scicon's income came from this source

rivals in the UK, has also adopted the "kernel-plus-tools" approach to custom-built systems. Mr Richard Berg, Logica's director of corporate Computer provided only rudimentary graphics facilities.

evelopment, says: "We have evolved kernels for most of the market sectors we work in and hope that by positioning ourselves in between pure package selling and pure custom-building we can produce the ultimate in custom-coffments. tom software."

tom software."

Mr Berg goes on to say that kernel software tends to cover the "most difficult" parts of a system, providing an added productivity bonus. The areas where custom building is needed tend to be on the outside of the systems covering such things as screen designs and report layouts.

"Building custom software for

"Building custom software for this part of a system is much lower risk and is also the area where the customer can gain the best competitive edge,"

explains Mr Berg
Package suppliers like Cincom and Cullinet have adopted the package-plus-language approach. Both of these companies have built their reputation on supplying database man-agement packages which may be sed as the central part of an

application. They have evolved so-called "fourth-generation" languages (Cincom's is called Mantis and Cullinet's is called ADS) to allow applications to be built around the central database.

At the other end of the mar-ket, Ashton-Tate has evolved a similar scheme with its Base range of database products. The problem of choosing between buying or building software or adopting a cross between the two is summed up by Nick Blakeney-Edwards, director of Hoskyns Group's

consultancy division.
"There is no single correct answer in deciding whether to build or buy software," he says.
"In making the decision, it is important to consider a number of aspects: Does it work? Does it have the right functions? Is it available quickly at a reason-able price? And can it co-exist with other systems?

Philip Manchester

#### Graphics packages

# More help for decision-makers

IBM must have a lot of respect Logica, one of Scicons chief for Apple. First it followed ivals in the UK has also Apple into the personal computational computations and the computation of the Comp ter market, now it is following it into the graphics market.

The screen was to be used primarily for displaying text.

Sophisticated graphics was regarded as something of a gimmick at that level.

The famous Lotus 1-2-3 integrated spreadsheet/graphics

grated spreadsheet/graphics package changed all that. The PC-DOS operating system, written by Microsoft under commission from IBM, made no provision for graphics.

Lotus's designer got around the IBM PC's graphics con-straints by tinkering around inside the machine's hardware—by making direct calls to the basic input/output system (bios), a relatively small piece of proprietary IBM software implemented in read-only mem-

ory (Rom).

Furthermore, an additional hardware circuit card had to be slotted into the machine to provide better screen graphics

resolution.
This did not please IBM because, although it launched the PC as an "open" system in order for it to become an indus-try standard, it meant that other PC manufacturers had to replicate the Rom Bios to run Lotus, which had by then become a basic benchmark for "IBM com-

patibility."
IBM could not afford to let all and sundry make illicit copies of its Rom Bios software, and some manufacturers felt the weight of IBM's corporate legal might. But at the same time IBM did not want to make it look like it wanted to hog the PC market

IBM's newly-launched Perso-nal System 2 now handles high resolution graphics directly from its operating system, OS2, apart from the Model 30 at the bottom of the range. There are no more bits of software hidden in Rom and no need for separate graphics handware configurate to the control of the separate graphics handware configurate. rate graphics hardware cards.
The hardware used for PS2's

graphics is a modified version of the Inmos Transputer, called the Video Graphics Array, with a colour lookup table suppor-ting up to 16 colours on a palette of about 250,000 colours.
"Apple gave IBM a shock with

original IBM PC but needs no additional hardware.

"IBM will be making its own software extensions to the OS2 operating system for mainframe comunication—this is the proprietary bit it wants to itself for slot-in hardware cards, not graphics."

The use of graphics, and more specifically "windowing" combined with communications facilities, can allow multiple sessions to be set up with diffe-rent host mainframe computers. Such sessions may be brought up on the screen as "dialogue boxes" and put away again with-out interrupting them as they

may continue to run in the back-ground without having to be displayed on the screen.

IBM has already experimented at this level with its own Top View windowing software product, but OS2 will be more attuned to this type of environ-ment. Such a system can be use-

ful in communications-intensive applications like financial trading ADP for example, uses a Top View-compatible software package on PCs for its Marketpulse system to produce composite screens of information on securities prices from stock markets in New York and London, and

from a number of online information sources and news-However, the communications to outside computers is passed through an IBM Series 1 mini-computer, and this can be expensive if there are only a few

PCs connected to it. There will not be a critical mass of Oc2 applications until the first half of 1989, according to Mr Paul Balley, senior vice president for Digital Research's European operations.

DR supplies applications based around its Graphics Environment Manager (Gem) range for the PCLDOS operating system—"manufacturers and software developers, including ourselves, are unlikely to get their software toolkits until 1988," he says.

"Even then, some may want to rush in in advance of the rest, but they will not constitute the bulk of the market PCIDOS graphics software applications still have some life ahead of them, probably to the end of the decade."

of about 250,000 colours.

"Apple gave IBM a shock with
the success of its MacIntosh
personal computer," says Mr
Lavid Fraser, managing director of Microsoft UK. "The Mac
has superior graphics to the



ian McRaught Davis of

Comshare: "the need is for high quality graphics—fast."

Information System (EIS) and we have found the quality of graphics on PCs to be very inferior to that of games computers. You need high quality graphics that does not look like it comes from a computer. graphics.
The business graphics market

is differentiated between investigative graphics and presentation graphics. The former is used as a research tool to organise data in such a way as to highlight useful relationships, trends or ideas, and as an aid to decision making and "what-if" analysis.

" It also needs to be fast. Five seconds is just about acceptable for a screen image. Any slower and it feels sluggish. If it is slow, you feel you are waiting for the machine. If it is fast, you get the impression of being pushed and therefore you work faster."

it comes from a computer.

Borts Sedacca



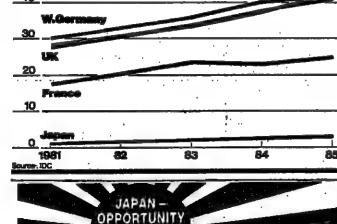
Charles Hamilton of Migent (UK): plans for French and German versions of the Ability Plus

#### Low-cost software

IN THE on-going arguments over software package prices and performance. Charles Hamilton, managing director of Migent (UK), comments: "The bigh-cost profiteers in software are on the run as we, and other companies, cut prices on software to the bone — but add the muscle of high the muscle functionality."

Migent, which has introduced its £99 multifunction integrated software package called Ability for what is claimed to be onefifth the price of its nearest competitor, argues that "certain software prices have been unnecessarily inflated for

# Market share of packaged software 50 Percent



lapans Technology thrust knows no bounds. The R & D and initiatives of more than 6000 Japanese Software Houses – fuelled by massive, co-ordinated investment – arready threaten penetration of key world markets and product sectors, leaving build the complacent and the uninformed. But such burgeoning developments also offer enormous commercial opportunities for the alert.

BEYOND THE

HORIZON

commercial opportunities for the sent; Japanese Software Alert presents a monthly update of software developments in Japan – vital to those who hope to stay in the race, it also indicates the emerging opportunities open to those prepared to grasp them, it is compled from the perceptive reports of specialist contributors throughout Japan's industrial, commercial and academic sectors. To obtain Japanese Software Alert's unique insight into the threats and opportunities which abound, write or 'phone today for your specimen copy.

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Real growth rates for	or computing services
20 Percent	Forecasts
18 UK	
US	
	Japan

werage domestic revenues as 46 of home market age growth rates (1982-1985) excluding hardware manufacturers 15% onei Data Comunición and Cocoara and Lybrand Associata

#### W.Germany ree: IDC/C Revenues and earnings compared Average of the top ten companies in computing services in various France Average world-wide revenues \$42m \$83m \$130m \$1,145m £112m \$46m 55% \$53m \$362m 31% s earnings as % of revenue 24% \$77m \$783m 16% 23%

15%

14%

16.5%

16.3% 6.0%

5.8%

#### MAKING TECHNOLOGY WORK

The Columbus space station will provide an infrastructure in orbit for Europe throughout the first quarter of the 21st century. As the programme enters the definition stage, Logica's role has been expanded to lead a consortium of European companies to define the onboard system and mission management software, the ground based mission preparation software and the software technology support.



Projects designed for the future demand a knowledge of the latest advances in technology. But more important than knowing the technologies is knowing how to use them. And where. And when.

Logica's international reputation is founded on the application of innovation, experience and technology. For 18 years we have been using state-of-the-art expertise to solve problems for clients.

In ten market sectors and fifty countries, we are applying knowledge and experience of advanced computing and communications technologies, of knowledge based systems, of human computer interaction and of software and systems design and engineering to deliver solutions.

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As a result of the most intensive research and development programmes in its history, Cullinet is now able to announce a breakthrough in business software, the first since database management first revolutionised business efficiency, 3×3. Architecture - the name Cullinet have given to this new strategy - is the first step into a new era in software

By listening to our customers, we have been able to develop a comprehensive strategy that answers business needs. Customer research showed an immediate and urgent need for greater integration between systems at all hardware levels and for systems that are flexible and easy to use. We believe that Cullinet's 3×3 strategy answers all these needs.

SOFTWARE THAT WORKS FOR YOU Unlike previous software, 3×3 has growth and flexibility built in. <u>You</u> decide how to run your system not your hardware vendor. 3×3 will actually help you achieve the system you want and find the most efficient way of using your database capacity. 3×3 is designed to respond to your exact needs – by intelligent e, users at every level can create their ideal system.

TALKING TO EVERY SYSTEM 3×3 Architecture is the first software strategy that can fully integrate IBM and VAX systems. In fact, 3X3 has been designed to talk to hardware at every level - Mainframes, Departmental and Personal Computers. Cullinet have achieved this using and developing SQL, the industry standard language. This is quite probably the most important breakthrough ever in terms of compatibility.

Please send me more information on

Please keep me informed on future

Please arrange for me to attend a Culline

Please contact me/my secretary to arrang no-obligation meeting.

Cultinet's 3'x3 Architecture

briefing on expert systems.

THE NEW ERA IN SOFTWARE DESIGNED

TO SUCCEED 3×3 Architecture is a completely new concept in software, the first strategy that is genuinely capable of responding to individual and corporate needs. For Corporate, Departmental and Personal

Computers, 3×3 provides: A Commitment to Open Systems Architecture at every hardware level. Full support for SQL, the industry standard language.

MA wide range of applications

packages.

A flexible and easy to use development environment. Expert systems integrated with

commercial applications. 3×3 provides a comprehensive software strategy that will open up processing capacity and free databases for wider and more intelligent use. This is no idle boast. The new generation of software will revolutionise the way computers are used. And Cullinet is leading the way. BUILT-IN EXPERTISE

Expert systems have been one of the greatest advances in computer technology over recent years. Expert systems capitalise on the specialist knowledge in your company, making it available to everyone via easy-to-use systems. It also has the advantage of freeing specialists from mundane and repetitive consultative work.

Cullinet have taken expert systems a dramatic stage further integrating them with existing commercial applications. This helps you to build applications that give you a real competitive advantage.

TALKING TO YOU

Because this new generation of software is designed to interact with the user at every level, ease of use is a priority. The tools within 3×3 have flexible and easy to understand user interfaces. At every level of hardware, the user can design a system to match exact needs - simply quickly and efficiently. The user can talk to the system in jargon-free language. Cullinet have ensured that there are no language barriers to the creation of a system that works for you.

SELECT SUCCESS FOR THE FUTURE Cullinet strategy provides the confidence that you need to move into the future. Continuing development means that soon we will have the complete solution to business computing needs, a unique integration of database management applications and development tools at every level. Return the coupon below and find out how Cullinet could be working for your business.

YESTERDAY, YOUR **BUSINESS FITTED THE** TECHNOLOGY. TODAY, THE TECHNOLOGY FITS YOUR BUSINESS.

Cullinet Software Ltd. Cullinet House, Elstree Way, Borehamwood Herts WDn 1LD. Tel: 01-207-2021

FT587

	Name	
	Position	
	Company	
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	Prestcode	Send to: Maria Lane, Cullinet Software Ltd Cullinet Hruse, Elstree Way, Borehamwoo
~ *	76	Herrs WD6 1LD.  Or call Peter Sedgwick now on (1)-207 2727

## Jardine Matheson Holdings Limited

#### **Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting of the Members of the Company will be held on the top floor, Connaught Centra, Connaught Road Central, Hong Kong on Thursday, 4th June, 1997 at noon for the following purposes:

- 1 To receive and consider the Statement of Accounts and the Reports of the Directors and Auditors for the year ended 31st December, 1986.
- 2 To declare a final dividend.
- 3 To re-elect Directors and approve an increase in their remuneration.
- 4 To re-appoint the Auditors and authorise the Directors to fix their remuneration. 5 To consider and, if thought fit, adopt with or without amendments, the following
- (a) The exercise by the Directors during the Relevant Period of all powers of the Company to allot shares and to make and grant offers, agreements and options which would or might require shares to be alloted be and is hereby generally and unconditionally approved;
- (b) The approval in paragraph (a) shall authorise the Directors during the Relevant Period to make and grant offers, agreements and options which would or might require shares to be allotted after the end of the Relevant Period;
- (c) The aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to shares issued as a result of the scrip dividend, the proposed bonus issue of ordinary shares, conversions of the Mathesons Investments Ltd £6,500,000 71/4% Convertible Unsecured Loan Stock 1987/92 and on the exercise of warrants issued by Jardine Matheson (Finance) Ltd. or a Rights Issue, shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as enlarged by the issue of shares pursuant to the proposed bonus issue of ordinary shares, and the said approval shall be limited accordingly; and
- (d) For the purposes of this Resolution: 'Relevant Period' means the period from the passing of this Resolution until
- (i) the conclusion of the next annual general meeting of the Company; and
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held;

"Rights Issue" means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory including, without limitation, arrangements relating to the disposal of shares which, by reason of such exclusions or arrangements, are not allotted to the shareholders who would Otherwise have been entitled thereto).

By Order of the Board Company Secretary

Hong Kong, 8th May, 1987

- 1 A Mamber entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll vote instead of him; a proxy need not also be a Member of the Company. Completion and return of the proxy will not preclude a Member from attending and voting in
- Concerning Item 3 above, it is proposed that the non-executive Directors fees, which have not been reviewed since 1980, be increased from HK\$30,000 to HK\$50,000 each per annum. with effect from 1st January, 1987.
- 3 Concerning Item 5 above, the Directors wish to state they have no immediate plans to issue any new shares in the Company with the exception of the scrip dividend, the proposed bonus issue of shares, shares issued pursuant to the Senior Executive Share incentive Scheme approved at the Annual General Meeting held on 5th June, 1986 and, on the conversion of the Mathesons investments Ltd loan stock and on the exercise of the Jardine Matheson
- 4 The final dividend will be psyable on 12th June, 1987 to those shareholders on the register on 5th May, 1987.



Jardine Matheson Holdings Limited

(incorporated in Bermuda with limited liability)

# Jardine Matheson Holdings Limited

#### **Notice of Special General Meeting**

Notice is hereby given that a Special General Meeting of the Members of the Company will be held on the top floor, Connaught Centre, Connaught Road Central, Hong Kong on Thursday, 4th June, 1987 at 12.10 p.m. or so soon as the Annual General Meeting of the Company convened for the same day and place shall have been concluded or adjourned, for the purpose of considering and, if thought fit, passing with or without amendments, the following Ordinary Resolutions:

- 1 That the authorised Hong Kong dollar denominated share capital of the Company be and is hereby increased to HK\$2,000,000,000 by the creation of 400,000,000 ordinary
- 2 That the Directors be hereby authorised to capitalise the sum of HK\$336,326,818 being the balance of the amount standing to the credit of share premium account and part of the amount standing to the credit of contributed surplus account of the Company, by appropriating such sum to the holders of ordinary shares on the Register of Members on 5th May, 1987 in proportion to their then holdings of ordinary shares and applying such sum on their behalf in paying up in full unissued ordinary shares of the Company of a nominal amount equal to such sum, for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion of two such ordinary shares for every five ordinary shares held on that date and so that such ordinary shares (save for any dividend declared prior hereto) rank pari passu with the existing issued ordinary share capital of the Company. The Directors may do all acts and things considered necessary or expedient to give effect to any such ca with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforeseid (including provisions Whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all Members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all

By Order of the Board Company Secretary Hong Kong, 8th May, 1997

shareholders on the register on 5th May, 1987.

1 It is proposed to increase the authorised share capital in order to preserve the proportion as a labtle for issue by the Directors, following the bonus issue and pursuant to the Directors' mandate to allot shares to be renewed at the Annual General Meeting on 4th June, 1897.

2 A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poli vote instead of him; a proxy need not also be a Member of the Company. Completion and return of the proxy will not preclude a Member from attending and voting in person. 3 The bonus issue share certificate will be despatched on 12th June, 1987 to those

**Jardine Matheson Holdings Limited** 

(Incorporated in Bermuda with limited liability)

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-A freedom lighter letter-

#### WEEKEND FT

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## CONSTRUCTION CONTRACTS

# New Hong Kong building for Standard Chartered Bank

## Self-catering hotel in Darwin

A £4m (A\$9.1m) contract to construct an hotel in Darwin, in the Northern Territory of Australia, has been awarded to TEAM-WORK CONSTRUCTIONS PTY, Australian subsidiary of Taylor Woodrow. The six-storey hotel will have a floor area of \$,500 and metres and each of the 140 sultes will have self-catering facilities for hotel guests as an alternative to the house restaurant facilities. The building will be constructed in reinforced concrete and structural blockwork, and features a heavily-landscaped central glazed atrium void to suit the tropical Darwin environment. The client is Esplanade Hotels Pty, a joint venture of Perth-based Resort Investment and Management, and the Adelaide-based developer Trikon Corporation.

## **Improving Deptford flats**

a variety of contracts totalling over £12m for refurbishment, repair, new build, maintenance and minor works. The largest is a package improvement project

concrete repairs, replacement of windows, rain waterpipe over-haul and decorations,

Construction worth nearly \$1m Construction worth nearly film of 18 one-bedroom and 16 two-bedroom flats in three blocks for CDS Co-operative Housing Society at Surrey Quays, Baltic/Albion Road, Rotherhithe, SE16, has started for completion in July, 1988. For Look Ahead (Beacon Hostels) at 1-11 Deancross Street, E1, £950,000 the company is carrying out demolition and rebuilding of an old age pensioners home. The retained front elevation will be supported with raking shores while a new three-storey resta package improvement project worth £7.4m over two years for the London Borough of Lewisham involving work at various blocks of flats in Deptford. The scheme includes installation of central heating, modernisation of kitchen and bathroom and redecoration.

A £1.3m refurbishment of four four-storey and four eight-storey blocks of flats at John Aird Court. Howley Place, W2, for the Clity of Westminster, intolves repairs to parapet and balcony walls, brickwork and selection flats in three blocks observed mins in three blocks observed mins in three blocks CDS Co-operative House Society at Surrey Quays, Ball Albion Road, Rotherhithe, SE has started for completion July, 1988, For Look Ah (Beacon Hostels) at 1-11 cross Street, E1, 1950,000 company is carrying out derived from the supported with raking showhile a new three-storey redening the bedforoum flats in three blocks CDS Co-operative House Society at Surrey Quays, Ball Albion Road, Rotherhithe, SE has started for completion July, 1988, For Look Ah (Beacon Hostels) at 1-150,000 company is carrying out derived from the surrey of the bedforoum flats in three blocks CDS Co-operative House Society at Surrey Quays, Ball Albion Road, Rotherhithe, SE has started for completion July, 1988, For Look Ah (Beacon Hostels) at 1-150,000 company is carrying out derived from the bedforoum flats in three blocks CDS Co-operative House Society at Surrey Quays, Ball Albion Road, Rotherhithe, SE has started for completion July, 1988, For Look Ah (Beacon Hostels) at 1-150,000 company is carrying out derived from the bedforoum flats in three blocks of the started for completion July, 1988, For Look Ah (Beacon Hostels) at 1-150,000 company is carrying out derived from the surface from the bedforoum flats in three blocks of the surface for completion July, 1988, For Look Ah (Beacon Hostels) at 1-150,000 company is carrying out derived from the surface from the surface from the ball of the surface from

Work totalling more than 54m for public sector housing has been awarded. Orders include

prising 30 two-bedroom houses; 10 three-bedroom houses; 10

scheduled for completion in

#### **Basildon civic centre**

WIMPEY CONSTRUCTION MANAGEMENT has won a £13m contract for civil development from Basildon District Council. This order is for the Basildon Centre which will, be linked through a reception hall to the new Towngate Theatrs, which is now taking shape under the council's earlier contract with Wimpey, and is due to open in 1988. Service links will integrate control, security and computer systems between the two.

The Basildon Centre will in-CONSTRUCTION been awarded. Orders include a contract awarded by Nottingham City Council, valued at £1.23m, for 47 homes in Percy Street, Nottingham, to be built by December. In traditional brick/block on strip foundations, the development will comprise three two-storey houses, eight bungalows, and 36 flats in two two-storey buildings with a communal room. Warwick District Council has awarded Wimpey a £1.6m con-tract for 56 homes in Pound Lane, Lillingdon, near Learning-ton Spa. Work has started on the development in traditional brick/block construction com-

The Basildon Centre will include an undergroupd car park, a computer suite, library and meeting rooms at first, ground and basement levels; upper floors will house the civic offices. The piled foundations will support a concrete frame with external elevations finished in brickwork, and atria will probrickwork, and atria will provide natural light for the offices.

The project has started and is bungalows; and four two-bedroom fats. The contract is scheduled for completion in

A £8.9m contract has been awarded to Wimpey by London Docklands Development Corporation for phase six of the Docklands Enterprise Zone Road, Isle of Dogs. The contract covers 1.6 km of dual and single flexible I.6 km of dual and single neithle carriageway, between Poplar to East India Docks, with round-abouts, and three pedestrian underpasses. One roundabout containing three underpasses, will be Preston Road and the second at the East India Dock end. Included in the 31-month contract, due for completion in end. Included in the al-monto contract, due for completion in December 1988, is demolition work, deep drainage, services, diversions, dredging and filling of disking docks, together with the erection of retaining walls, up to 5 metres high.

NOTICE OF ADJUSTED

To All Holders as of May 22, 1967 of Ex\* Convertible Subordinate Debeatures due 2001 of Alex, Brown Incorporated

(the Company)

Pursuant to Section 1236 of the Indenture of Alex. Brown Incorporated to Bankers Trust. Company, as Trustee, dated June 12, 1986, relating to the Company's 5% Convertible Subordinated Debentures due 2001 (the Debentures), the Company hereby gives notice that the Conversion Price of the Debentures under the Indenture has been adjusted in secondance with Section 1204 of the Indenture to account for a 3-for-2 stock split, in the form of a stock dividend, on the Common Stock of the Company to stockholders of record May 22, 1987, and that, effective May 23, 1987, the Conversion Price under the Indenture shall be \$26.03.

Alex. Brown Incorporated Dated: May 11, 1987

NOTICE TO WARRANTHOLDERS
YAOHAN DEPARTMENT STORE CO., LITE 3½5 GUARANTEED BONDS DUE 1991 WITH WARRANTS Pursuant to Clause 3 and 4 of the Inst duted 26th November, 1986, notice is given to you as follows:

west to you as follows:

The Board of Directors of Yacham
Department Store Co., Led. (the
Company 3 at its meaning held on 2nd
April, 1987 resolved that the Company
shall make a free distribution of stores of
the Common Stock on 21st June. 1987,
Japan time, to the stareholders of the
Company registered on an register of
sharcholders so of 20th May, 1987, Japan
time, (the Trecord date?), at the ratio of
0.13 share for each one there owned by
such shareholders.

such shareholders.

As a result of such free distribution the subscription price in respect of the captioned Warranss, which is currently 1.50? yea per share, will be reduced to 1.313.50 yea per share of the Company's Common Stock in accordance with Classes, 3, paragraph (i) of the Instrument. The new subscription price will become effective on 21 as 18as, 1987 which is the day immediately after the record date. THE TOKAL BANE, LIMITED LONDON BRANCH PRINCIPAL PAYING AGENT

ROWLINSON

Standard Chartered Bank has awarded the contract for the bank's building at 44a Des Voeux Road Central in Hong Kong to the GAMMON - NISHIMATSU joint venture. The superstructure is valued at about HK\$375m (over 530m).

Gammon-Nishimatsu joint venture is the contractor for the substructure works currently being carried out on site which are expected to be completed by October 1987.

The new 191 metres high 40-storey office tower totals about storey office tower totals about storey office tower totals about convey the completed building, less the retail shopping facilities. At the end of this period, the site and building will revert in total to the bank.

The bank says this arrangement expected in early 1990.

The terms of the contract for the same occupy the completed building, less the retail shopping facilities. At the end of this period, the site and building will revert in total to the bank.

The bank says this arrangement expected in early 1990.

The terms of the contract for finance arrangements for 25 years during which period Gammon-Nishimatsu will lease the site while

#### Willmott wins housing development

JOHN WILLMOTT HOUSING, a subsidiary of the John Willmott Building Group, has been awarded a contract worth in the region of £3.2m by the Declan Kelly Group for the construction of 114 flats and 64 houses at Cowley, Middlesex. A. E. Symes, another subsidiary, has been awarded a contract worth about £1.25m by Clayform Properties to build offices and flats at \$1 John's Square, ECL John Willmott/Cambridge has been awarded a contract worth about £1.5m by Spicers at Sawston, Cambridge, for an extension to the central distribution warehouse.

# Houses and flats in **North West**

THONS, Poynton, Cheshire, has won contracts worth about £5.5m to build and repair homes in Manchester, Salford and Stockto build and repair homes in Manchester, Salford and Stockport. The company is working on phase 1, and has started phase 2 of a Manchester City Council housing scheme at Wythenshawe Road, Wythenshawe Road, Wythenshawe. Phase 1, worth £1.55m, is to build 44 one-bed and 18 two-bed flats, and four houses in a terrace, under a 15-month contract that also includes roads, sewery and siteworks. Under the £1.92m phase 2 contract at Wythenshawe, Rowlinson is building 53 houses in traditional construction, 38 with three bedrooms and the rest with two. The £5-week project, again including sitework, started in April. The company is about to start a year-long scheme to build 52 two- and three-bed flats in two-storey blocks at Maple Road, Brooklands. The £1.26m contract is also for the City of Manchester.

In Salford, Rowlinson is building 24 old people's flats in a two-storey block at Wellington Street East for the Portice Housing Association (£583,000).

For Stockport Council, Rowlinson is carrying out a six-month "envelope" scheme to improve 33 houses in Mill Lane, Reddish, under a £178,000 contract that includes repairs to roofs, windows and brickwork, and redecoration.

# construction BRACKNEL

# **Morrisons** Blackburn superstore

A £9m contract to build a Morrisons superstore in Blackburn, Lancashire, has been awarded to TAYLOR WOODROW CONSTRUCTION (NORTHERN). Darlington. Work on the site in the town's high street has started and is due for completion in May, 1988. The project involves a 100,000 sq ft superstore, with a three-storey car park with space for 700 vehicles and a petrol station. The superstore will have hored pile foundations with reinforced The superstore will have bored pile foundations with reinforced concrete caps, a concrete ground floor slab and a steel frame. The cladding will be brickwork with ornamental plinths, piers and bands. The roof will be a combination of natural slate, clay tiles to the mansard areas, and metal decking. The contract includes internal finishes and services, such as lifts, travelaservices, such as lifts, travelators, heating, ventilation and refrigeration equipment.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer or an invitation to the public to subscribe for or purchase any securities.

#### "INVESTING IN SUCCESS" EQUITIES Plc

(Registered in England number 634615)

issue of 6,120,000 Warrants to subscribe for ordinary shares of 25p each in "Investing in Success" Equities Pic

Each Warrant entitles the holder to subscribe at any time from 1st February, 1988 up to 30th April, 1992 (both dates inclusive) for one ordinary share of 25p at a price of 212p. The Warrants have been admitted to the Official List of The Stock Exchange. Dealings will commence on 11th May, 1987.

Particulars of the Warrants are available in the statistical services of Extel Statistical Services Limited. Copies of the Listing Particulars relating to the Warrents may be obtained during normal business hours from the Company Announcements Office of the Quotations Department (for collection only) up to and including 13th May, 1987 or during normal business hours on any weekday (Saturdays excepted) up to and including 25th May, 1987 from:

"Investing in Success" Equities Pic 20 Coptheil Avenue London EC2R 7PA

**Hoare Govett Limited** 4 Broadgate EC2M 7LE

11th May, 1987

This advertisement complies with the requirements of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.



#### Blue Circle Industries PLC

(Incorporated with limited liability in England)

£60,000,000

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- County NatWest Capital Markets Limited Kidder, Peabody Securities Limited Morgan Guaranty Ltd.
- Shearson Lehman Brothers International Inc. 

  Sumitomo Finance International
- Banque Bruxelles Lambert S.A. Algemene Bank Nederland N.V. 💠 Commerzbank Aktiengesellschaft
  - Credit Suisse First Boston Limited
- Nomura International Limited Security Pacific Hoare Govett Limited

  - Westdeutsche Landesbank Girozentrale 

    Union Bank of Switzerland (Securities) Limited

The issue price of the Bonds is 100 per cent of their principal amount Application has been made to the council of The Stock Exchange for the Bonds to be admitted to the Official List. Interest is payable annually in arrears on 20th May, the first such payment being due on 20th May, 1988.

Particulars relating to the Bonds and the Issuer are available in the Extel Statistical Service. Copies of the Listing Particulars may be obtained during usual business hours up to and including 13th May, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 25th May, 1987 from:

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ent Guide at the door. [] FRRE Seminars for all visitors. USpecial one day Business. Confere laxed informal atmosphere. UScores of leading exhibitors. OPENING TIMES;

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P.C. USER

could very well set the standard for superfast personal computers

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a super-super-fast AT

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As far ahead of IBM's P.C. which kicked off the second generation, as the P.C. was ahead of the Apple II, which sparked the revolution a decade ago.

FORTUNE MAGAZINE

A MACHINE THIS FAST WAS BOUND TO PICK UP A FEW ENDORSEMENTS.

d end of things, Compaq has certainly shown the way ahead. P.C. USER

troice as fast as BMs fastest micro

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a quantum leap for desktop computing

P.C. BUSINESS WORLD

Experts here said the Compaq machine is everything they had hoped an 80386 machine would be. USA TODAY

overall winner is the Compaq Deskpro 386 which comes out on top for its speed, expansion potential both present and future and relatively modest price.

WHICH COMPUTER

I an outstanding machine that leaves the competition for dead.

PRACTICAL COMPUTING

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#### FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		FRIDAY MAY 8 1967					THURSDAY MAY 7 3987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Inddex	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Lam	Year ago (approxi	
Australia (54)  Australia (54)  Belgium (47)  Canada (131)  Demmark (39)  France (122)  West Germany (50)  Hong Kong (45)  Irctand (14)  Italy (76)  Japan (458)  Malaysa (36)  Menco (144)  Netherland (38)  New Zealand (27)  Norway (24)  Singapore (27)  South Africa (61)  Sweden (33)  Sweden (33)  Sweden (33)  Switzerland (51)  United Kingdom (339)	136.01 91.15 121.05 117.44 121.25 94.19 106.96 127.20 107.68 153.05 117.49 131.15 127.49 128.18 128.18 128.18 128.18 128.18 128.18 128.18 128.18 128.18	+02 -11 +04 +0.7 +0.1 -0.5 -1.3 +0.4 +0.0 -1.1 +0.5 +0.5 +0.5 +0.5 +0.5 +0.7 -0.7 -0.7 -0.7 -0.7	120.39 80.68 107.15 115.53 103.95 107.33 83.37 94.58 112.58 95.31 142.75 167.88 104.12 84.51 114.08 112.60 91.06 103.99 88.38 125.80 104.38	127.06 84.59 111.65 125.36 107.41 113.61 87.58 107.06 119.88 103.82 142.37 145.48 251.05 108.18 88.40 118.73 124.65 120.20 98.40 113.82 91.00 125.80	2.79 2.23 4.28 2.36 2.36 2.14 3.08 3.57 1.60 0.46 4.12 2.13 1.90 2.03 1.90 3.35 4.20 2.03 1.90	135.69 92.15 120.53 129.62 117.34 121.82 95.42 106.46 127.24 108.83 158.89 152.35 197.27 117.08 114.97 127.96 126.93 176.67 103.95 124.02 99.95 139.41 120.75	119.78 81.34 106.40 114.43 103.58 107.54 84.24 93.98 112.32 %.07 140.49 174.14 103.36 83.83 112.96 112.05 155.94 91.77 109.48 88.23 123.06 106.60	126.85 85.05 110.57 125.45 106.81 113.61 88.18 106.66 119.24 103.96 139.95 144.84 259.69 107.14 88.01 115.41 120.70 98.17 14.34 90.47 123.06 120.75	136.01 107.62 122.35 136.17 124.10 121.82 100.33 114.71 131.44 112.11 161.26 155.25 197.27 1186.74 120.59 127.47 124.68 104.06 142.13 124.68	99.92 91.10 96.19 100.00 96.18 96.19 94.00 94.76 100.00 97.72 99.65 100.00 90.85 93.24 99.72 99.65 100.00 90.85	95.28 92.26 82.72 99.00 103.77 95.00 88.24 74.73 78.09 50.22 87.47 97.37 50.32 97.60 97.37 98.70 98.70	
USA 15971.  Europe (952)  Pacific Basin (687)  Euro-Pacific (1619)  North America (728)  World Ex. US (1825)  World Ex. UK (2083)  World Ex. UK (2083)  World Ex. Japan (1964)  The World Index (2422)	120.28 158.30 143.13 120.74 143.05 133.33 133.85 121.20	+0.5 +1.4 +1.1 -0.4 +1.1 +0.4 +0.6 -0.1	106.46 340.11 126.68 106.87 126.61 118.01 118.47 107.27	109.65 140.51 128.22 120.54 130.28 125.35 125.38 116.84	2.88 0.60 1.37 2.96 1.43 1.84 1.96 2.93	119.63 156.05 141.52 121.22 141.51 132.81 133.12 121.28	105.60 137.76 124.93 107.01 124.92 117.24 117.51 107.06	108.55 138.24 126.41 121.02 129.91 124.63 124.47 116.72	120.28 158.30 143.13 124.40 143.05 133.33 133.85 121.50	99.78 100.00 100.00 100.00 100.00 100.00 100.00	94.07 78.52 84.63 99.83 85.22 90.93 97.33	

Base values: Dec 31, 1986 = 100
Compright, The Financial Times, Colombia, Sachs & Co., Wood Machemile & Co. Ltd. 1987
CONSTITUENT CHANGE: Arana Group has been geleted (United Kingdom). Latest prices unavailable for this edition.

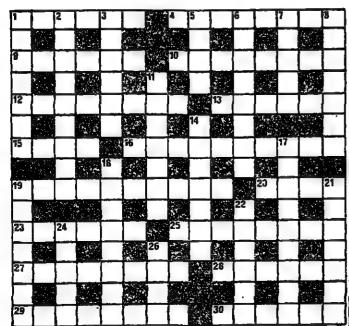
<b>EURO</b>	PEAN C	FIIO	NSE	XCH/	ANGE

				· · · · ·					
		Ma	y 87	Δμ	q 87	No	₩ 87		
Series		Vol.	Last	Vol.	Last	Vol.	Lasti	Stock	
COLD C	\$400 \$420	45 52 94 90	55 37	16	43.50	34	59	S-155.10	
GOLD C GOLD C GOLD C GOLD C GOLD C	\$140	94	15.50 2.80 0.50	16 35 23	2	b	48		
COLD C	\$460 \$490	164	0.50	15	268 16.10 10.30	10	20.50		
ĞÖLD Ç	\$490 \$500 \$520 \$400		-	161	10.30	10 3 15	20.50	] ;	
GOLD C	\$520 \$400	= '	=	10	4.50	13	16	-	
GOLD P	\$340	58	1.20	7	L L			*	
			n 87	54	p 87	Di	K 87		
SILVER C SILVER C SILVER C	\$700 \$850 \$900	30	140	7	91	] = 1	=	\$825	
SILVER C	\$900	4	4.406	<u>41</u>	91 90	=	-=	F1.338.20	
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			v 87	ju			ıl 87		
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S/FI C	FI 210 FI 195 FI 200 FI 205	-		15	0.50	10	1.50B	60	
S/FI P	FI,195	34	0.70	15	2.30	10	2		
SFI P SFI P SFI P	F1,205	25 3	0.70 34	27 16 30	5.30A 43A	] =	_	i :	
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S/P) C	FI,205	110	3 80 2 50 1.40	534	5 70	₩ ₩	430	] :	
\$Fi C	FI.215	110 25	1.40	17 10 10	250	] 74	4.30		
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NAT, NED. P PHILIPS C			1 1.10	12 88 63 522	16.50 5.20 3.30 2.30 2.708	107	3.40	FI.50.30	
ALULIAC B	Et IV	24	2   1.90	68	2.708 8.50	20 27 107 24 162	7 4.50 3.40 3.50 12.50	F1.254.00	
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UNILEVER P	F1.581	PACTS.	r   1230	1 19	1420	ı –		1	_

#### FT CROSSWORD PUZZLE No. 6,323

B Bid

PROTEUS



- ACROSS
- 1 Draughtsman returning to receive recognition for ser-
- vices (6) 4 What's inside gives satisfac-
- tion (8)

  9 Set out to get French friend some heavy silk stuff (6)

  10 He likes to get the facts about malt liquor (8)

- past history (6) 25 Unlawful entry of spring in
- lock (8) 27 Weapon failing hard on the
- Noor (8) 28 Keen to have an hour to take
- out window-bottom (6)
  29 Non-seafaring type comes ashore on island (8)
  30 Model managed to get to church in abstracted state

- again (7)

  2 Don Juan proving comparatively knowledgeable topless lady (9)

  3 Go round gallery after rejections
- ting alternative (6)
  5 Frank to start with (4)
  6 Being assiduous, finished going round circle (8)
  7 Eminent academic ising to
- about malt liquor (8)

  12 Threatening main shock to Conservative (8)

  13 Rob by threatening assault in lift (4, 2)

  15 When to keep quiet about waistband (4)

  16 Keep firm grip (10)

  19 Novel form of inducement (10)

  20 Tackle part of huge army (4)

  23 Performance unsurpassed in

  24 Eminent academic using to embrace space traveller (5)

  25 Hemnant journalist laboriously saved (7)

  26 Hemnant journalist laboriously saved (7)

  27 Express dissent at professional trial (7)

  28 Stay with child about a day in Paris (7)

  29 Tackle part of huge army (4)

  20 Reading about America's

  - 19 Reading about America's pearl-diving (7)
    21 Analyse lovers' tiff on first
  - evening (7)
    22 Man throwing rest out for her (6)
  - 24 Right to put out murderer and dog (5) 26 Mountain in Vietnam (4)

The solution to last Saturday's prize puzzle will be published

1 Takes it upon oneself to ignore leader and begins

The solution to last Saturday's prize puzzle will be published

Saturday.

#### BASE LENDING RATES

 Charterhouse Bank \_\_\_\_ 9/2 \_\_ 94, \_\_ 7245 Most Credit Corp. Ltd.\_\_\_ Chrisesdale Bank \_\_\_ Affred Insh Bank... American Exp. 8k ...... 91) Marthera Bank Ltd Consolidated Cred.... Norwich Ges. Tress..... Co-operative Bank \_\_\_\_\_ 9 Promoal Trest Ltd....... R. Rashael & Sons...... Cyprus Popplar Bk ... ÁSACCALES COS COSSOLUES 9 Durcas Larent .......... 9 eritority & Co List\_\_\_\_\_\_ 10 Rosburghe G'rautee 104 Royal Bk of Scotland..... Sanir Larger (DIK) ...... Smith & Willman Sess ... Bank Credit & Comm 912 Robert Flaming & Co. .... 9½
Robert France & Ptrs...... 10½ Bank of Scotland 91<sub>2</sub> Banque Beige Ltd ...... 91<sub>2</sub> United Mizrahi Bank \_\_\_\_ 9 Unity Trast PLC..... Barciays Bank. Guenners Maken... RFC Truck & Springs..... 912 Benchmark Tot Ltd ...... 93s e Hendre Blad . Yershire pair. 779

a Members of the Accepting House Committee. 47-day deposits 4-65%. Savewing 7-64%. Top Ther—52,500+ at 3 months notice 9,38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over £1, Herntable & Gest, Tot. \_\_\_\_ 912 Brown Shapley 712
Brainess Flage Tel 912
Nesterland 9 Mase Westpac Ltd. 91<sub>2</sub> Meghraj & Sons Ltd ..... 91<sub>2</sub> Carada Permanen .....

#### LONDON RECENT ISSUES

EQUITIES

_												
	Issue Pros	Arroust Paid	Lacest 1987 Remote.		67	Stock	Clesing	+ 07	Net.		Gross Yield	
_	PTREE	聯	Date	High	Low		FIRST	1 -	Jan. 1	LOT	11-6-42	Ratio
-	<b>÷180</b>	F.P	15/5	201	189	Artounille	201	+1	R5.4		3.7	14.6
	<b>6115</b>	F,P	20/5	138	128	Bellwinch 10p	129	-2	R3.2		3,3	10.8
	477	F.P.	. –	105	96	÷Bondedi.prenates10p		۱	12.4	24	32	17.7
	şilş	F.P.	8/5	146	133	Brooks Service Group	146		. 13.8	2.2	3.5	16.0
	180	FP.	8/5	218	150	♦Burford Group	218	+10	91.2	3.2	0.75	56.2
	11 11	F.P.	-	426	400	Calor Group 50p	426	+11	1750	2.6	3.8	13.5
	230	F.P.	8/5	135	129	Cambridge instru. 5p	130		R0.7	8.8	0.7	14.8
	555	F.P.	12/6	96	66	♦Cambridge Isotope	62	-3	R20.9		0.67	
	<b>ç200</b>	P.P.	11/5	226	211	4Cason Connes, 59	215		R7.0	22	4.5	13.7
	115	F.P.	8/5	150	114	Church (Gharles) 5p	115	} <u></u>	R2.75	310	3.2	13.7
	125	F.P.	I —	175	145	AColorgraphic 10p	175	+12	وريا	2.8	23	20.4
	HR	F.P.	l	310	291	Corusei 50o	292	+5	18.0	1.6	3.7	22 1
	1130	F.P.	22/5	153	145	Cooper (Alan) 10p	146		14.0	25	3.7	14.7
	125	F.P.	29/5	153	143	Cundell Group 10p	153	+1	W3.19		2.8	15.7
	135	EP.	29/5	170	138	Doetle : 10p	170	í	L3.45	2.50	2.8	19.6
	II R	F.P.	l	101	81	ERA Group Sp	101	+9				50.5
	<b>#155</b>	F.P.	15/5	195	170	∳Egwei Graup 10p	188		L4.0	26	28	18.4
	120	F.P.	20-5	181	160	♦Filel 25 5p	160	-3	u2.7	2.8	2.2	21.5
	4112	F.P.	1/5	133	115	фНолегласкіеGr'pZp	118		R4.1	25	4.7	11.5
	120	E.P.	244	240	185	Mallen So	238	+3	13.0	77	1.7	25.5
E	120	r.e.	29/5	127	123	ेMarch Group ५०	123		14.2	2.4	4.5	12.4
	114	F.P.	B/5	127	114	Meirille Streeting	123		1.4	12	1.5	-
1		l <u>—</u> 1		3512	25	Do. Warrarts	3412	·		=		
١.	225	F.P.	24/4	342	225	MercuryAssetMant Sa	335	-1	R5.0	4.0	2.0	16.8
	1106	F.P.	l .=	120	117	Orcind Technologyii	12A 197	-2	R02_57c	5.2	1.4	13.7
1	<b>∳180</b>	E.P.	25	198	180	Perpetual lop		-1	u2.5	45	1.7	17.0 11.8
L	495 455	5.6.		102 85	96	ACO 100	96 85	+3	LJ.91 LZ.19	21	5.5 3.5	14.7
١.	1140	F.P.	3/6 1/5	161	163	éRehanceSecGroup5a	170	+2	12.19	23	37	153
			בען		163	o Select Apple. In	203	+5	125	28	1.7	201
	135 6123	F.P.	I -	203	158 158	♦BCL Group 50	158		12.5	28	22	22.3
		F.P.	147	165	171	Waterstate Intl. 56	185	1:2	R3.25	35	24	151
ı	f140	7.P.	15/5	185	1344	Wilhos Bowder 100	151	+3	13.4	30	11	148
ı	130	F.P	163	151	145		198			28	1.6	
ı	\$120 \$133	F.P.	29:4 225	198	136	†₩vevaleGd#.Cen 50p YRM 10p	139	+1	₩2.63 R4.41	35	23	26.7 16.3
ı	5172	jr.P.	57.3	448	وبدا	TRE MY ammorate	- 271		64,42	23	2.5	702

#### FIXED INTEREST STOCKS

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\$76.919	FΡ	29-5	101	45	A da Prop. 10, ". Lst Mart Deb 2011	. 100	1		
Ħ	L30	3 b	49	3H	Desam Gradion-Vill-bring Cv Un Left 11	48	+5		
_	FP	_	311	109	Estates&Gen les new 11 % alsités Deb.2018		١. ا		
_	FP	- 1	99µ	<b>9</b> toJ <sub>2</sub> p	Friendle Hotels & 4 " a Gue Cam Red Pri E1	940	+1		
_	623	- 1	25	25	GI Partiant Ests. 9100 a lst MI Do 2016	.) 25	l		
\$100.156	£30	136	30,1	301 k	Land Security- New 10% 1st M: Db '25	304			
_	FP	- 1	10112	100	Nationwide 35% I-L Lt 2021	.) 101			
(18.221	£25	_	26.	26,1	Scot, Eastern (inv Tat. 914% Deb 2020		l		
li	FP	30%	101	qq	Second Mirt. Int. 21/2" a Cnr. Uns Lr. 94	99	Ι		
199.819	620	11.9	24:	18%	TR Cm of Lan Tu. 101, % Deb 2020	23%	1		
8 25	Phil		11200	75om	Tops Est. "New" 7120 Che. Uns Ln 2014		1		
699.Cla	£25	29.5	294		Town Centre Secs. 1012% 1st Mars Beh 2021				
	£30	9-10	32	30	Tribure inv. Tit. 9:0% Deb 2012	22			
69 699	7.25	19	26	25%	Vaus 9% Deb. 2015	36%	} '		
KIG	"RIGHTS" OFFERS								
	1.4	11	. 1		T	Steen to 1			
Stug		24:04		1987	Sepek	Closes	+ 01		
Price	Pard	Renun			3445	Price			
		Date	Hugh	Law	1	B .	_		

Giosang + pr

8 25 991.016 998 09	125 120 125	29.5 9.10 19	291 <sub>4</sub> 291 <sub>4</sub> 32'4 261 <sub>4</sub>	254g	Tops Est. "New" 712% Cris. Uns. Lin. 2014 Town Centre Secs. 1012% 1st Mort. Deb.2021 Tribure Inv. Tit. 95% Deb.2012 Vaus 97% Deb. 2015	2914	1::
'RIG	HTS	" Of	FER	es_			
Issue Price	Amount Pard	Lates Renunc	19	87	Stati	Closes Price	+ tir
		Date	Hugh	Law		Þ	
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320 130	Ani	37	120pm	4Opm	Authority less. 20p	115pm	
170	Nis		155pm	155pm		155pm	
	NII	T	36pm		Campan Inti 20p	36pm	+6
385	Nil	3.6	95pm	400m	Sperhard	90am	
470	Nel	17.6	84pm		Mane Group	61pm	
250	NuL	10%	62am	36pm	Walker (Alfred) 10p	46pm	-2
157	Nel	26/6	32pm	7pm	We'r Group	27 pm	+1

Investment Management Regulatory Organisation Ltd.

#### RULE BOOK NOW AVAILABLE

All persons conducting investment husiness must be authorised or exempted when the Financial Services Act 1986 comes into force. IMRO expects to be the Self Regulating Organisation for investment managers and has now published its Rule Book under which members will be regulated. The Rule Book covers such issues as membership qualifications, financial and reporting obligations, conduct of business rules, investigations and disciplinary procedures.

Copies of the Rule Book and further information on IMRO are now available, price £25.00 (£35.00 overseas) from:

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# **AUTHORISED**

Contract	UNIT TRUSTS  Abbary Unit Tst. Mingrs. (a) 90 Holdenburst Rd. Bournemouth 6045 77	Great fall, Patterry Inc. 41.7 41.6 3.21	Fac Francish Food 1952 70 10 40 5 5 6 6 6 6 7 6 7 6 6 6 7 6 7 6 7 6 7 6	Section for the section of the secti
Age	American Institute 50.7 53.4 -0.11 Gails Frace but 1117.5 124.9 +15 High Inc Earth 125.8 131 but 40.71 Warteness Boot 193.2 205.5cs -0.21	945 1.35 1.35 1.36 1.72 Revers Shipley & Co Ltd (2)(8)	F & C. Apple Nappe	100   100
AEtha (Init Trasts Lida(h)(c)  AI 51 John 51 Levice ECLV 40E  Australian St. Levice ECLV 40E	Agen 6 Erop. 17. 1517 161 Jas. +40.7 Lept 8 Erope. 17.7 72. +40.5 Commode 6 Erop. 1704 181.7 +69.7 Commode 6 Erop. 1704 181.7 +69.7 Lept 8 Erope. 1704 181.7 +69.7 Lept 9	177 8.5 Perbian Fred. 40.3 99.3 +0.6 2.17 1.16 1.16 1.16 1.16 1.16 1.16 1.16 1	190 West George St, G15550W Ge1-132 Geg2	The continue
As 3-4-6-5, Captill Live Control Live Contro	U.S. Enserging Co <sup>4</sup> 4	151.7 161.4d +0.3 0.28	Service Co's Fd [247 79.5cd +0.2 1.0	Appropriate 1092 116.08 404 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
10   10   10   10   10   10   10   10	401 St John St, London ECLV 405 07, 837 Australian Securities 181.0 86-5 21 12 12 12 12 12 12 12 12 12 12 12 12	Heilerth Hae, Portrope See, WTH (JR   01-935-0382   10-9-151-4   151-4   151-4   171-4   171-4   171-4   171-4   171-4   171-4   171-58	River Walls, Torbridge TM9 1DY	Parit 5n Do. 36.8 2 41.5 50.0 10.5 50.0 10.5 10.5 10.5 10.5 1
Accord Units	## 1 Production   155    155	General Ire. 1887   307.b. 318.7   L47   427.0   427	Provide Cores to the 12 St. America (2)	Lance   126.1   135.7ml   40.1   1   1   1   1   1   1   1   1   1
	#Accord United	200 Cacom Very May 8. Ph. 101.2 44.9 LB	Call & Fad int (2)	9-17 Permittet Rd, Haywards Heath, W Stricts Date 417945

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Cest. 8d. of Fin. of Civerch of England 12
2 Fore Screet, London EC2Y SAQ (II-588 1815) [se Fant April 30 151, 173,6

Tst. Mgs. Ltd(s)(c) 벎 01-438-5757 01-2207291 :提 援 \*\*\*\*\*\*\*\*\*\*\*\*\*\* **Heart** 41 18 41 18

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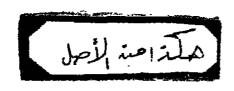
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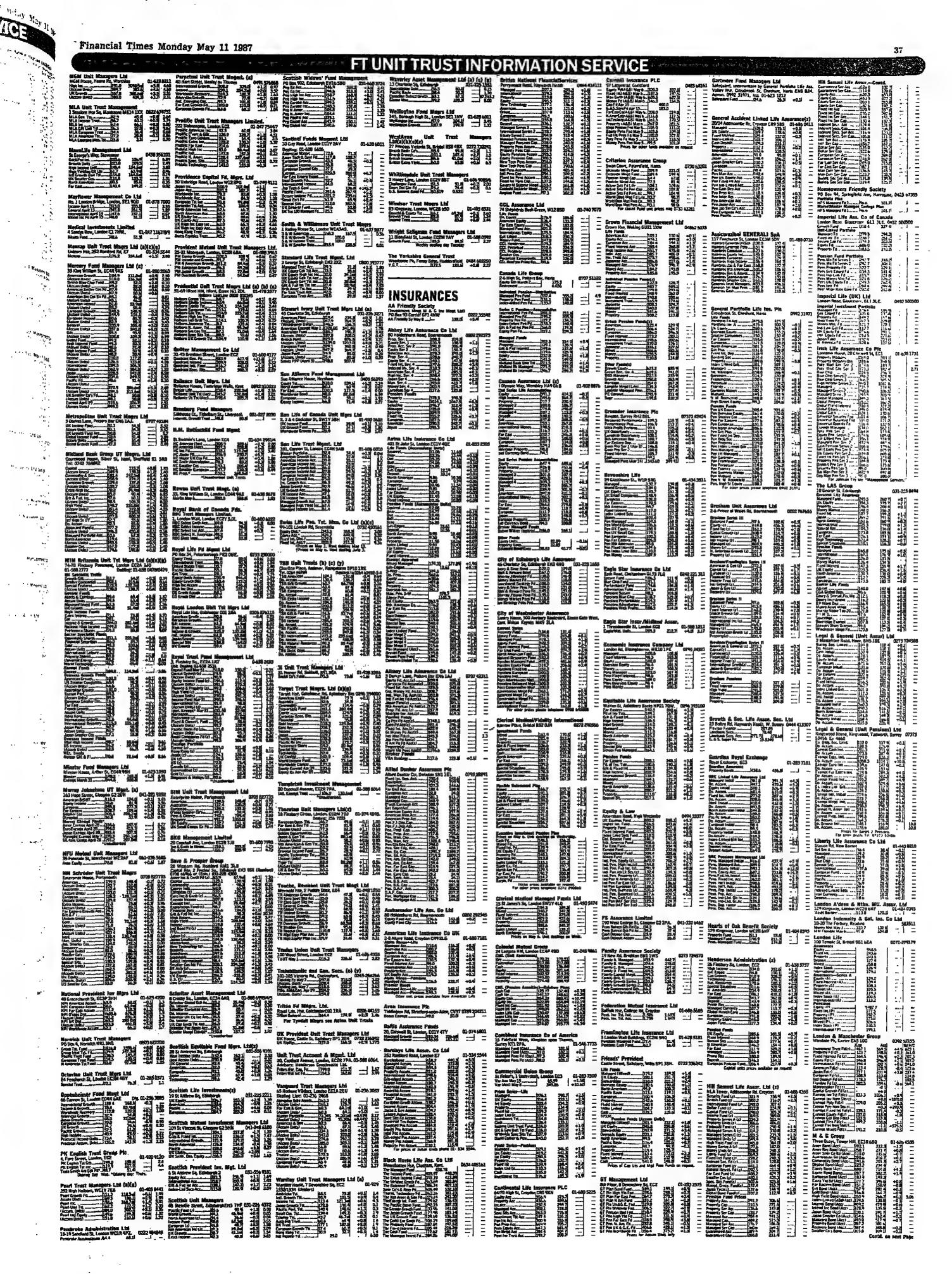
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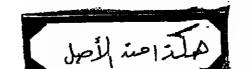
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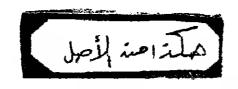
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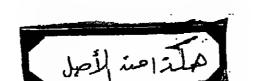
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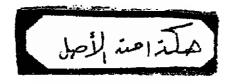
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#### Trade fairs and exhibitions: UK

Business to Business Exhibition International Environment and (91-729 0677) (until May 13) Safety conference and exhibition Barbican Centre (0727 51903) NEC, Birmingham Automated Manufacturing Exhi-Automated Manufacturing Exhibition and Conference—AUTO-MAN (01-891 5051) — Quality Assurance & Production Inspection Technology Exhibition INSPEX (01-891 5051)

NEC, Birmingham

May 14-16
Scottish Money Show (01-948 5166) Scottish Exhibition Centre, Glassow

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May 19-21

London Wine Trade Fair (01-637 2400)

Kensington Exhibition Centre, Glassow

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Scottish Money Show (01-948 5166) Scottish Exhibition Centre, Glasgow

Electrics Show (01-486 1951) Earls Court May 18-21 International Process - Engineer ing Exhibition (01-855 7777) Earls Court

Jane 5-14 Fine Art & Antiques Fair (01-385 1200) Clympia Olympia

June 10-11
National Joint Utilities Group
Exhibition and Conference (0923 778311) NEC, Birmingham

#### Overseas

Current May 8-13
International Industrial, Automation, Process Control Technician and Equipment Exhibition CHINA INPROTECH (02403 29406) (until May 13) Beijing May 17-26
Internationa May 17-20
Business Efficiency Exhibition—
BEE/OFEX (02403 29406)
Hong Kong
May 11-12

International Foundry tion (021-455 9600)
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Exhibition—
Hong Kong
May 11-12

May 20-28
International Technical Fair (Spring) (021-706 6707)
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May 23-June 7
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International State Fair (01-734 May 23-June 7 Interpational State Fair (01-734 Nicosia

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May 11-15
May 27-June 2
International Trade Fair for ISATA: 16th International SymMachinery & Equipment for postum on Automotive TechWood & Forest Industries—
LIGNA (01-861 2191) Hanover 8859) Florence

June 9-15 June 3-15
International Building Construction Exhibition — CONSTRUCTION CHINA (01-486 1951)
Beijing

fluid machinery for the oil, petrochemical and related indus-tries (01-222 7899) The Hague

Institute of Directors: Directors' responsibilities and liabilities

(01-839 1233) 116 Pall Mall, London

#### **Business and Management Conferences**

May 11-12
Practising Law Institute: Foreign
Investment in the United States
after the Tax Reform Act of 1986 (NY (212) 765-5700)

banking conference (01-621 Milan 1355)

May 18-29

IMECHE: European congress on fluid machinery for the oil. New York Hilton

May 11-15
ISATA: 16the International Symposium on Automotive Technology and Automation (01-680 Florence Florence (01-680 7525)
Royal Lancaster Hotel, W3

8659)
May 12
Institute of Directors: The Inland Revenue and the Company
Executive )01-839 1233)
116 Pail Mali, SWI
May 21
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Novetel, London
May 21
Institute of Directors' May 13
Longman Seminars: Defaulting debtors: how to avoid them and what to do if you fail (01-242 4111)
Conference Centre, W1

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Conference Centre, W1
May 13-14
Financial Times: The tenth FT
World electronics conference (01-621 1355)
May 27-38
Crown Eagle Communications: International trade finance (01-942 4111)
May 28

116 Pall Mail, London
May 27-38
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May 28

Inn on the Park, W1 Tolley Publishing: CSR spring updating (01-727 3503)

London Press Centre May 18-19
Financial Times: European

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published

Irving Bank Corporation

#### Parliament

TODAY Commons: Debate on nuclear power and the Government's decision to approve the Size-well B power station. Motion on industrial relations relating. to Northern Ireland. Motion on the Representation of the People (Variation of Limits of Derek Culton, Lord Chan-cellor's Department (Room 16, Candidates' Election Expenses) Order.

Order.
Lords: Irish Sailors and Soldiers Land Trust Bill, third reading. Register of Sasines (Scotland) Bill, third reading. Abolition of Domestic Rates (Scotland) Bill, third reading. Fire Safety and Safety of Places of Sport Bill, consideration of Commons amendments. Motions on financial services priers. Instanced question on orders. Unstarted question on the law covering horseracing

on Sundays.

Select committees: Environment—subject: pollution of rivers and estuaries. Witnesses: Royal Society for the Protection of Birds; Lord Belstead, Agriculture Minister of State. (Room 20, 4.30 pm). Foreign Affairs—subject: South Africa. Witness: Chief Mangope, President of Bophuthatswans (Room

health authorities. Witnesses: 10.30 am).
Sir Gordon Manzie, Property
WEDNESDAY Services Agency, Sir Brian Cubbon, Home Office, and Sir

4.45 pm). TOMORBOW Commons: Dartford-Thurrock Order. Crossing Bill, second reading. Motions on the Parliamentary Constituencies (England) (Miscellaneous Changes) (No 2) and (No 3) Orders. Opposed private business after 7 pm. business after 7 pm.

Lords: Conveyancing Services
Bill, second reading. Criminal
Justice Bill, committee. Deer
Bill, committee. Crown Proceedings (Armed Forces) Bill, third
lord Cycle Armed Committees: Employment—subject: Manpower Services Commission corporate vices (Commission Corporate Vices) MSC (Page 2, 415 pm). Home

ings (Armed Forces) Bill, third reading. Parliamentary Health Service. Commissioners. Bill,

Commons: Lords amendments to the Abolition of Domestic Rates (Scotland) Bill. Remaining stages of the Criminal Justice (Scotland) Bill Motions on the Lord Chancellor's Salary Lords: Debate on measures

to protect the countryside.

Debate on the problems of privatisation without competition. Crossbows Bill, committee. Motor Cycle Noise Bill, second

reading. Parliamentary Health
Service Commissioners Bill,
third reading.
Select committees: Parliamentary Commissioner for casting (Room 5, 4.15 pm).

Administration — subject: repulation of DBS and cable TV. Witnesses:

IBA; British Satellite Broadmentary Commissioner for casting (Room 5, 4.15 pm).

Public Accounts—subject: Incorporate of the Commissioner for read response of social casuality. ports of the Commissioner for rect payments of social security Administration for 1986. With benefits; unemployment and ness: Mr A. M. W. Battishill, social security benefits—fraud

His 1993 S317.38 Ingham (George) 1.5s Jacob W. Serskherfor The 1.1p RBC Far Best & Pacht Fund Pag Red Pf SG.03 SKF AS B (Non-Restricted) SKr 11. C Non-Restricted) SKr 11. C

15, 4.30 pm). Public Accounts chairman of the Board of and abuse. Witnesses. Mr C —subject: courts and prison Inland Revenue and officials France, DHSS, and Sir Michael building programmes; employ—(Room 5, 4.30 pm). Committee Quinlan, Department of Employment of works consultants by on a Private Bill—Harwich ment (Room 16, 4.15 pm). Social government departments and Parkeston Quay (Room 6, Services — subject: problems Services — subject: problems associated with AIDS. Witness: Rt Hon Norman Fowler MP, Health and Social Services Secretary (Room 21, 4.15 pm). Joint Committee on Consolida-tion — subject: Conveyancing Services Bill. Witnesses. Mr
P. F. Knowles, Deputy Parliamentary Counsel, Mr P. L.
Jacob, senior legal assistant.
Lord Chancellor's Department (Room 4, 4.30 pm). Committee on Private Bills — London Underground (Goodge Street) and British Railways Bill (Room

9, 4 pm). THURSDAY Commons: Local Government Bill, remaining stages.

Lords: Immigration (Carriers Liability) Bill, report.

Criminal Justice Bill, committee. Notions on Northern Ireland Orders.

FILDAY Commons: Debate on small firms, on an adjournment

#### Finance

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based

mainly on last year's timetable. Alexandra Workweer, Sarety Hotel, Stream, WC, 12.00
Antier, North Court, Packington Park, may Meriden, Warwickshire, 3.30
Edinburgh Oil & Gas. 10 Coats Cersoent, Edinburgh, 12.00
Edinburgh, 12. BOARD MEETINGS-

Bilton (Perry)
Catalyst Commun
Ford (Martin)
Lee Cooper
Lilley (F. J. C.)
Souirrel Horn

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is Irving Trust.

London and Tokyo.

And this difference is the more than 50 years' experience that

translates into reliability, responsiveness and a customizedservice capability that sets Irving Trust apart from everyone

else. For more information, contact Ralph A. Marinello,

Global Business Manager, at Irving Trust, One Wall Street.

New York, NY 10015, 212/635-8966. Other offices located in

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WEDNESDAY MAY 18 APANY MEETINGS—
Sandown Fark Recepting. Ports—
Road, Esher. Surrey. 12.00
Hitton Hotel, Park Lare, W. 12.00
Chemicals, Sherators Skyline Hotel.
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ime Rink, Last Drop Hotel, Cross. Solton, 12.00 MEETINGS—

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WORLD ELECTRONICS

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London, 13 & 14 May, 1987

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Mr Sidney Spire has been appointed a non-executive director of FIRST SECURITY GROUP.

# Treasurer for Barclays Bank

Mr Peter Wood has been companies are part of RHM's appointed a general manalur grocery division.

BANK Mr Alastair Robinson,
TIP TOP DRUGSTORES has and treasurer of HARCIAYS BANK. Mr Aisastair Robinson, regional general manager, Asia, becomes general manager with responsibility for personnel from June 1. Mr Christopher Haviland has been appointed regional general manager, Asia, from June 1. He is a director of Barclays de Zoete Wedd and will retain a responsibility for BZW offices in Asia.

The following have been appointed to the board of UNIONAMERICA MANAGE-MENT CO: Mr W. E. Thiele, Mr J. H. Loynes, Mr M. D. Haber, Mr P. J. Cooper, Mr H. B. Jago. Mr G. S. Jones; and to the board of Continental Reinsurance Management Co: Mr Thiele, Mr N. R. H. O. Hariey, Mr J. H. Loynes, Mr Haber, Mr M. A. J. Hayden, Mr J. M. Sinclair has been appointed casualty treaty

been appointed casualty treaty underwriter for Continental Re-insurance Corporation (UK).

insurance Corporation (UK).

Mr Hark Wyche has been appointed finance director of A. & G Security Electronics, subsidiary of HALMA. He was with Novacold. Mr J. O. Harkness has been appointed sales director at SEAC, another Halma subsidiary. He was sales and marketing manager of the industrial direct sales division of Bostik.

Mr Richard W. Musson has been appointed sales director at MELLAND AND COWARD, Stockport, part of the textile division of Whitecroft. He was finance director.

Mr Geoff James has been appointed director of manufacturing operations at VICKERS SHIPBUILDING AND ENGINEERING, an operating subsidiary of VSEL Consortium. He was manufacturing director and deputy managing director of British Rell Engineering.

Mr Mike Dollin has been appointed manager of the avistion of BP OIL. He succeeds Mr Eric Reed, who becomes ceeds Mr Eric Reed, who becomes general manager, aviation sales, appointed Mr John Phillips as BP North America Petroleum inc. group sales director and Mr Mr Dollin was manager, strategy and planning, Air BP International.

The technical director of THORN EMI, Dr Kenneth Gray, has additionally been appointed to the newly-created post of executive chairman, Thorn Soft-

appointed Ms Angela Hall as marketing director. She was marketing manager.

Mr Stewart Duncan has been appointed managing director of UNITED TRANSPORT LINE, inhouse shipping line for United Transport Company's container operations. He was operations director Europe for United States

Mr Paul L. Devine has been appointed managing director of LEISURETURE INTERNATIONAL. He is chief executive of Worldwide Dryers.

Mr Richard H Davey is to join MERRILL LYNCH EUROPE as an executive director on May 26. He was on the board of Exco International

AMERICAN EXPRESS travel related services. UK & Ireland, Mr Tim Wilson has been appointed vice-president finance and planning. He was vice-president treasury Europe, Middle East and Africa. Mr Im Johnson, rice-president finance and planson, pro-president finance and planson. vice-president finance and planning, has become vice-president and controller TRS EMEA.

THOMSON COMPONENTS has appointed Mr Emis Pusey as managing director.

deputy managing director of British Rail Engineering.

The BRITISH PLASTICS FEDERATION has appointed Mr David Beynon, group director of the IGI chemicals and polymers group, as president.

CHASE PROPERTY HOLD-INGS (Wingate Property Investments) has appointed Mr Geoffrey Solman, Mr Tim Aleock, and Mr Tony Gibb, as executive directors following the disposal of their interest in Pengap Estates.

Mr Miles Deltin has been appointed manager of the avisition division of BP OIL. He suc-

Mr. R. J. Bread has heen appointed to the board of appointed a director of THE CCL FINANCIAL GROUP and PERMUTIT CO, a member of the sales director of CCL Assurance. He was managing director of Arington Kyng, which has sible for Permutit industrial been acquired by CCL.

Mr Comai F. Boyle has been appointed chief executive of ANTIGEN.

Mr Malcolm J Ray has been appointed managing director a foundries division of BIRMID QUALCAST. He has joined from Catton and Co and succeeds Mr Terry Davies who will continue as executive chairman.

Mr David Carter has been and managing director of Parrett appointed director in charge of and Neves and its subsidiary, Private Label Services, and Mr Associated Kent Newspapers, Simon Jones becomes director in charge of RHM Exports. Both the NEWSPAPER SOCIETY.

# EUROMONEY

SEMINAR PROGRAMME

London

20-21 May 1-2 June 10-11 June 23-24 June International Portfolio Management The 1987 International Equities Country Risk Analysis

18-19 May 2-3 June 25-26 June The Global Debt Strategies

Interest Rate and Currency Risk Management Workshop 30 June-1 July Debt/Equity Swaps .. New York Interest Rate Risk Management International Financial Law

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## WORLD STOCK MARKETS

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AIG specialises in underwriting gesting the company would become more active in forthcoming land **AUSTRALIA** The loss will result in a \$275m reduction in pre-tax earnings, Merrill Lynch said. Last month when the The life business also performed May 29 is due to see the sale of the Old Fire Station site in central Hong Kong, the only major site in a prime location that is expected to go on the block this year.

Baring Brothers, which is co-unstrongly, with pre-tax operating in-come of \$70.5m, up 17.3 per cent and 418455013757475721442 59991001833554775721442 599910018335547514471 60847524751344174652554750 6144444444 company first revealed the losses nusual risks and innovating new premiums written of \$543m, 38 per cent higher than the year before. Agency and service operating in-come was up 18 per cent at \$10.9m. caused by unauthorised trading by one of its leading bond dealers - it types of insurance cover through a very wide international spread of osurance companies and agencies. said it did not expect a loss for the Its operating profits from proper-ty/casualty business were \$132m, 121 per cent up on the year-earlier second quarter due to earnings in Baring Brothers, which is co-un-derwriting the placement, said that Henderson Development (HDL), which is Henderson Land's controll-ing shareholder, has arranged to place with institutional investors 131.9m of the shares it holds in the The company's net profits bene-DENMARK fied from a reduction of about \$30m in tax provisions, as a result of the ievel, on net premiums written of \$1.89bn, 33 per cent up. In compari-Nav S new provisions introduced in the 1988 Tax Reform Act. This was partly offset by adverse changes in the taxation of foreign income. Exchange Commission, the compa-ny said positions and related hedges connected with the loss had Baltica Skand
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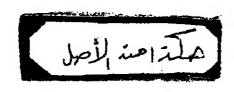
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# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Menday May II &



# NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES May 8

NYSE COMPOSITE CLOSING PRICES	AMEX COMPOSITE CLOSING PRICES May 8
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71 48° PiedA pl	OVER-THE-COUNTER Nasdaq national market, closing prices
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THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

GOVERNMENT OF BARBADOS

£27,000,000

Revolving Loan Facility Arranged by **BARCLAYS BANK PLC** Managed by BARCLAYS BANK PLC LONDON FORFATTING COMPANY LIMITED

S.F.E. BANK LIMITED

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AMERICAN SECURITY BANK NA.

NATWEST INVESTMENT BANK LIMITED

BARCLAYS BANK PLC May 1987 BARCLAYS

# **CURRENCIES, MONEY & CAPITAL MARKETS**

FOREIGN EXCHANGES

# EMS beckons sterling as election fever grows

STERLING'S STRENGTH last week increased speculation about the pound's entry later this year into the European Monetary System.

This in turn led to suggestions that the level of interest rates in London remains too high, even later Friday's cut of ½ per cent to 9 per cent in bank base rates. Sterling will not join the EMS without difficulty, but the since it is now assumed this will be next month, the question of EMS membership is likely to become the subject of increasing discussion in the City.

On Friday, after the good results for the Conservatives in the local council elections, but should be considered too high for the pound to join the EMS by both the government and the Confederation of British Industry.

This assumes a June election the Bank's intervention on the foreign exchanges was mainly aimed at keeping the pound below DM3.00, but intervention and the cut in bank base rates, failed to stop the demand for sterling.

This led to questions about an appropriate level to foreign exchanges was mainly aimed at keeping the pound below DM3.00, but intervention and the cut in bank base rates, failed to be favourable.

News of Friday's rate cut produced an immediate fall of ¼ cent to \$1.68 in the value of the pound.

On Friday, after the good results of for the Conservative's from the local council elections, but met firm resistance from the Bank's intervention on the foreign exchanges was mainly aimed at keeping the pound below DM3.00, but intervention and the cut in bank base rates, failed to stop the demand for sterling.

This led to questions about an appropriate level for the pound to join the EMS, and how far interest to \$1.68 in the value of the pound.

Sterling will not join the EMS by both the government and the conservative's from the local council elections, but met firm resistance from the Bank's intervention on the foreign exchanges was mainly aimed at keeping the pound below DM3.00, but intervention and the cut in bank base rates, failed to stop the demand for sterling.

This led to questions ab

discussion in the City.
On Friday, after the good results for the Conservatives in the local council elections, the Bank of England intervened to sell ster-ling to prevent it breaking through DM 3.00. It had already moved above FFr 10.00.

May 8	Latest	Previous Close
E Spot	1.6740-1.6750	1.6780-1.6790
1 mouth	0.31-0.30 pm (	0.52-0.30 pm
3 months	0.69-0.67 pm	0.73-0.70 pm
12 months	1.18-1.10 pm	1.33-1.23 pm

STERLING INDEX							
		May 8	Previous				
8.30	am	73.8	73.4				
9.00	am	73.7	73.4				
10.00	2m	73.7	73.5				
11.00	am	73.8	73.5				
Noon		73.8	73.6				
1.00	pm	73.8	73.6				
2.00	pm	73.6	73.5				
3.00	PM	73.6	73.6				
4.00	\$411	73.6	73.6				

**CURRENCY RATES** 

May &	Bank rate	Special Drawing Rights	Earopea Corrency Unit
Austrian Sch Beigian Franc . Danish Krone Deutsche Mark Neth. Guilder Freuch Franc	4 8 7	0.77876 1.3079 16.4001 48.4001 48.496 8.7625 WA 2.63155 WA 1692.82 181.67 8.73475 163.771 8.14511 WA 173.536 0.87253	0.69274 1.16411 1.5556 14.5956 43.0976 7.80622 2.07662 2.34181 6.94243 1505.83 162.22 7.74576 145.921 7.25677 1.70642 0.77662

CURRE

\*CS/SDR ra

May 8	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.6	-19.5
U.S. Dollar	100.2	-6.8
Canadian Dollar	77,0	-11.4
Austrian Schilling	138.3	+10.1
Belgian Franc	100.1	-4.6
Danish Krone	93.5	÷3.5
Devisibe Mark	147.0	+21.7
Swiss Franc	174.8	+23.8
Gelider	135.2	+14,2
French Franc	72.6	~12.9
Lira	47.3	-18.1

OTHER	CURRENCI	ES
May 8	£	S
Argentina	2.8205-2.6325 2.3470-2.3500 47.8275-48.1245 7.2648-7.2835 221.05-224.95 13.0370-13.0570 118.25* 1390.25-1402.80 0.45525-0.45535 62.20-42.30 4.1190-4.1325 2020-95-2031.80	3 1.5660-1.5720 1.4040-1.4050 28.5880-28.7310 28.5880-28.7310 131.45-133.65 7.8030-7.8050 69.50* 58.860-835.40 0.27100-0.27125 37.10-37.20 2.4670-2.4690
N. Zealand Sauti Ar Singapore S. Al. (Cm) S. Al. (Fn) Taiwan U.A.E	2.9125-2.9200 6.2650-6.2710 3.5455-3.5545 3.3505-3.3560 5.1830-5.3490 54.75-55.00 6.1365-6.1420	1,7420-1,7450 3,7495-3,7505 2,1215-2,1275 2,080-2,0120 3,1010-3,2000 32,55-32,65 3,6725-3,6735

**FORWARD RATES** AGAINST STERLING

US Dultar 1.6750 1.6721 1.6663 1.6653 1.66 D-mark 2.9950 2.9817 2.9577 2.9251 2.86 French Fr. 10 050510 0043 10.003810.003910.003910.00 Seeta Fr. 2.44525 2.4505 2.4308 2.4953 2.34 Yen 234.00 23249 231 02 228.40 23		Spot	1 rath	3 reth	6 milis	12 milit
	D-mark French Fr. Swiss Fr.	2.9950 10 0050	2 9817 10 0043	2.9577 10.0038	2.9351 10.0039	2.84

to \$1.68 in the value of the pound, after it had touched a peak of around \$1.6850 in early trading.

This was shortlived however, and sterling was soon back at \$1.6825, before weakening with other currencies against an improving dollar. It would have

this goel.
Mellon Bank suggested somewhere between DM2.50 and DM2.80 as politically and economically acceptable. If there is to be an early election the Bank of England could find the next month a difficult time for

EMS EUROPEAN CURRENCY UNIT RATES

	Belgian F Danish Kr German D French Fr Dutch Gul Irish Punt Italian Us	one -Mark anc Ider	7.2 - 42 7.3 - 2.4 - 6.1 - 2.7	ntraf ates 2.4582 85212 05853 90403 31943 58411 83.58	43.05 7.806 2.076 6.9424 2.341 0.7766 1505	8 770 23 62 13 81 20	+1.50 -0.58 +0.88 +0.56 +0.96 +1.07 +1.50	div	sted for ergence +0.77 -1.31 +0.15 -0.17 +0.23 +0.34 +1.28	± 3 ± 3 ± 1 ± 1 ± 1 ± 1	.5344 .6404 .0981 .3674 .5012 .6684
-	Changes a Adjustmen EXCHA	nt calcula	ted by F	inancial	Times.	nge deno	ites a we	ak curre	scy.		
	May 8	Ē	\$	DM	YEN	F Fr.	S Fr.	H FL	Ura	C S	B Fr.
	\$	1 0.547	1.675	2.995 1.789	234.0 139.7	10.01 5.973	2.463 1.470	3.375 2.015	2163. 1291.	2.239 1.336	62.25 37.15
	DM YEN	0.334 4.274	0.559 7.158	1 12.80	78.13 1000.	3.341 42.76	0.822 10.52	1.127 14.42	722.0 9241	0,747 9,566	20.78 266-0
•	F Fr. S Fr.	1.000 0.406	1.674 0.680	2.994 1.216	233.9 95.03	10. 4.063	2.461 L	3.373 1.371	2161. 878.2	2.237 0.909	62.22 25.28
-	M FL Lira	0.296 0.462	0.496 0.775	0.887 1.385	69.33 108.2	2.964 4.627	0.730 1.139	1 1.561	640.7 1000.	0.663 1.035	18.44 28.79
							_				

	Bank rate	Special Drawing	Earopean Correcty	H FL Lira	0.462	0.775	1.385	108.2	2.964 4.627	1.139	1.561	1000.	1.035	28.79
	%	0.77876	Unit 0.692743	C S B Fr.	0.447	0.748 2.691	1.338	104.5 375.9	4,470 16.07	1.100 3.956	1.508 5.422	966.0 3474.	1. 3.5%	27.81 100.
cit anc .	5.5 7.90 4 8 7	1.3079 16.4001 48.4196 8.7625	1.16415 1.55554 14.5956 43.0970 7.80623	•					1,000: 8		r per 1	.00.		
lark ler INC	.3.0 41, 91, 11,5	N/A 2.63155 N/A 1692.82	2.07662 2.34181 6.94243 1505.83	May	9	Short term	7 Da noti		One Month		ree ntis	Şix Monties		One Year
en . Seca. C	71 <sub>2</sub> 3.5 201 <sub>2</sub>	181.67 8.71475 163.771 8.14511 N/A 173.536 0.87253	162.225 7.74570 145.927 7.25675 1.70642 154.681 0.776620	Sterling		94-94 611-612 64-64 513-51 14-24 34-34 6-84	91 <sub>2</sub> -1 65 <sub>2</sub> -1 5 <sub>1</sub> 1-1 13 <sub>2</sub> -1 33 <sub>2</sub> -1	54 7 54 24 24	94-94 612-612 74-74 54-54 34-34 34-34 84-84	74 74 54 34	84 -74 -8 -54 -34 -34 -34	84-84 74-74 84-84 54-54 34-34 84-84	7 6 5 3	4-84 4-74 4-84 4-54 4-4 12-312 1-814
		ay 7: 1.7522 10VEME Bank of		Italian Lire B. Fr. (Fin. B. Fr. (Con Yes D. Krone Asian SSio	3=	9-11 61-7 64-71 <sub>2</sub> 37-4 101-105 <sub>2</sub> 31-4	10-1 7-1 312-1 103-1	1132 74 74 75 104	94-101 <sub>2</sub> 71-71 <sub>4</sub> 7-71 <sub>4</sub> 312-32 101-101 4-41	74 74 34 104	-105 <sub>2</sub> -72 -71 -312 -105	94-10 74-72 74-72 34-34 104-10 44-44	2 10 7 7 3	4-102 6-72 8-73 1-34 1-102

May B	absesq gask,r	Close	One month	% p.a.	Three months	% P4
S	1.6680-1.6750	1.6745-1.6755	0.31-0.28c pm		0.70-0.65 pm	1.6
anada	2.2284-2.2478	2.2380-2.2390	0.34-0.24c pm	2.55	0.52-0.40 am	l es
etherlands .	3.37-3.38%	3.37-3.38	14-1c pm	4.00	3-24 pm	3.4
elgium	62 04 62 30	62,20,62,30	13-0c pm	1.25	29-21 pm	1.6
muntark	11.244-11.294	11.26-11.27	7-11- ore dis		34-F. 65	-1/
	1.1185-1.1225	1.1200-1.1210	0.09-0.20 p dis		0.23-0.49 dis	-1.2
Germany .	2.99-3.00	2.99-3.00	1's leaf pm		عدد واحوا 1	1.3
rissal		230,40-231,40			327-418 ds	-64
<b>=</b>	209.77-211.05	210.75-277.05			384-589 dis	-9.2
	21551-21871	2052-2163	1-4 thre dis		4-9 dk	-13
Marie	11.144-11.214	11.16b-11.174	44-51, are dis		16-164 ds	-5.8
	9,991-10.0314	10.00-10.01	lie-ie c pm		112-12 pm	0.4
reden	10.444-10.495	10.45-10.46	Par-le ore ofs		1'-2'- ds	-0.6
228	2334-23415	23312-23412	11-1 y pm	5.45	34-24 mm	5.1
etria	21.00-21.08	21.05-21.08	94-84 000 000	4.98	24-211 <sub>2</sub> pm	43
vitzerland	2.454-2.464	2.451-2.461	14-14 c pm	6.09	34-3 pm	5.0

0.95 c pm. 12-month 1.25-1.13 c pm. DOLLAR SPOT SORWARD AGAINST THE DOLLAR

May 8	Day's spread	Close	One month	* 2	Titree months	% p.a.
1X1	1,6680-1,6855	1.6745-1.6755	0.31-0.28c pm	211	0.70-0.65 pm	1.61
reland)	1.4898-1.5035	1,4945-1,4955	0.55-0.50c pm	4,19	1.90-1.60 pm	4.66
anada	1.3330-1.3375	1,3365-1,3375	0.05-0.08c 65	-0.58	0.27-0.30 dis	-0.85
Vetberlands .	2.0020-2.0240	20145-20155	0.30-0.27c pm	1.70	0.97-0.92ms	1.88
Selaium	36.87-37.21	37.10-37.20	lon-1 c de	_	lpm-1 da	_
Jennsark	6.674-6.754	6.724-6.724	1.50-2.00ore dis.	-3.14		-2.78
М. Gerπ≤лу .	1.7730-1.7760	1,7880-1.7890	0.50-0.47pf pm	3.26		3.40
ortegal	1371-1394	1384-139	80-120: 曲	-8.71	260-310 dis	-8.27
Soeln	124,70-126.30	126.20-126.30	75-150c dis	-10.77	250-350 ds	-9.57
12 V	1278-1297%	12904-12914	3.50-4.50lire dis:	-3.71	9.00-11.00 #	-3.09
Veryal	6.63-6.67%	6.66%-6.67%	4.10-4.50ore dis	-7.75	12.25-12.75-6	-7.51
rance)	5.944-5.984	5,97-5,975	0.55-0.70c dis	-1.13	1.55-1.80 由	-1.01
Sweden	6.21-6.26	624-6245	1.25-1.40ore dis	-2.55	3.40-3.70 dis	-2.28
lanan	138.95-139.90	139.60-139.70	0.40-0.37y per	3.31	1.25-1.20 pm	351
lustria	12.48-12.61	12.5612-12.57	3.00-2.60gro pm	2.68	9.00-8.00 pm	2.71
Switzerland _	1,4565-1,4760	1.4695-1.4705	0.48-0.44c pm	3.77	1.30-1.25 pm	3.46

management of the money market and control of sterling's value. The pound continued to hover ended, in spite of lower UK capel expects UK unemployment intervention by the Bank of England. Interbank interest rates maintained a downward yield curve, with three-month interbank offered at 8% per cent at Friday's close, in line with the Bank of England's market intervention rate and slightly below the level of base rates.

Cut of another 1 per cent to 8 per cent to a strong test of the DM 3.00 level, but another cut in UK bank base rates could leave the central bank open to criticism if the political climate changes. The authorities will not wish to be accused of political bias. In these circumstances it seems likely the Bank of England may resist any further attempts to cut base rates, at least until the election is out of the way. just below DM 3.00 as the week cut of another 1 per cent to 8 per

Capel the situation is now so favourable there is likely to be a

According to stockbroker James Support for the Tories may lead to a strong test of the DM 3.00

Price June Sept June Sept 120 7.42 8.41 June Sept 120 7.42 8.41 0.00 0.51 122 5.63 7.05 0.01 1.15 124 4.02 5.42 0.04 1.52 126 2.16 4.20 0.18 2.30 128 0.60 3.18 0.62 3.28 130 0.20 2.28 2.22 4.38 132 0.07 1.48 4.09 5.58 134 0.02 1.14 0.04 7.24 stlotated volume total, Calls 4,603 Pots 1,785 revious day's open int: Calls 28,021 Pots 15,354	84 8.14 86 6.14 88 4.15 90 2.22 92 1.02 94 0.22 96 0.05 86 0.05	Sent June Sept Price 201	May Jane May Jan 21.26 21.58 0.01 0.3 18.77 19.26 0.02 0.5 16.30 17.03 0.05 0.7 11.53 12.87 0.28 1.6 9.30 10.98 0.25 2.2 7.25 9.30 1.00 3.0 5.43 7.74 1.68 3.9 volume total, Calls 27 Puts 11 ny's open lot: Calls 255 Puts 233
JFFE &S OPTIONS 25,000 (cests per £1)		LONDON SE ES OPTIONS £12,500 (comis per £1)	
Serke Calb—Last Price May June Jely Sept. May 1.45 22.30 22.30 — 22.30 0.00 1.50 17.30 17.30 17.30 17.30 0.00 1.50 17.30 17.30 12.30 12.30 12.30 1.60 7.30 7.30 7.38 8.29 0.00 1.60 7.30 7.30 7.38 8.29 0.00 1.65 2.41 3.41 4.07 5.13 0.18 1.70 0.12 1.11 1.78 2.88 2.59 1.75 0.00 0.24 0.62 1.45 7.77 Sthemated volume total, Calls 6 Puts 10 revious Gay's open let, Calls 1,484 Puts 1,736	Pets—Last Jone July Sept. 0.00 — 0.07 0.00 0.25 0.03 0.18 0.24 0.29 0.75 1.79 1.45 2.24 3.63 4.13 4.95 6.38 8.26 8.79 9.95	1.60 17.90 17.90 — 17 1.45 12.90 12.90 — 17 1.50 15.40 15.40 15 1.55 13.20 13.20 13.20 13 1.60 820 8.20 8.45 8 1.65 3.20 3.95 4.65 8	Pats—Last 170 0.30 0.45 — 1.40 170 0.50 0.45 — 1.40 170 0.60 0.80 — 1.50 1.40 0.20 0.25 0.25 0.25 1.20 0.20 0.20 0.35 0.35 1.20 0.20 0.40 0.45 1.45 1.25 2.55 3.75 4.45 4.05 1.433
HILADELPHIA SE EIS OPTIONS 12,500 (cents per EI)		LIFFE—EURODOLLAR OFTIONS \$2m points of 200%	
Strike Calis—Last Price May June July Sept. May 1.600 7.10 7.10 8.00 0.05 1.645 4.60 4.70 5.20 6.30	PotsLast June July Sept. 0.25 0.70 1.60 0.65 1.30 2.30 1.25 2.10 3.30	Strike Calls—Last Price June Sept. Duc. M 92.00 0.64 0.46 0.51 92.25 0.41 0.32 0.39 92.50 0.22 0.21 0.29	bar. June Sept. Dec. Mar. — 0.01 0.27 0.55 — — 0.09 0.38 0.68 — — 0.09 0.52 0.83 —

92.75 0.09 0.13 0.20 93.00 0.03 0.07 0.14 93.21 0.01 0.04 0.09 93.50 0.00 0.02 0.06 29-YEAR 12% NOTIONAL GILT #50,000 32ms of 100%

Estimated volume 36,807 (30,833) Previous day's open let. 24,662 (23,231) 10% NOTIONAL SHORT GHLT £100,000 640s of 100% Estimated Volume 0 (0) Previous day's open int. 0 (0)

sted Volume 7,605 (5,457) he day's open lot. 26,852 (27,064) High Low Prev. 214.00 211.50 208.60 216.75 214.90 212.35

aled volume 1,505 (1,257) ale day's open les, 4,446 (4,462) Prex. 92.50 92.06 91.84 91.52 91.36 91.36 91.30 91.02 High 92.54 91.99 91.83 91.54

High Low Prev. 92-20 91-19 90-22 91-22 91.00 89-26 Close 92-07 91-11 **CURRENCY FUTURES** 

POUND-S (FOREIGN EXCHANGE Spot 1-min. 3-min. 6-min. 12-min 1.6750 1.6721 1.6683 1.6653 1.6632 IMM-STERLING St per E Close High Low Prev 1.6740 1.6780 1.6725 1.6820 1.6705 1.6730 1.6670 1.6785 1.6670 1.6730 1.6650 1.6780 1.6665 1.6725 1.6630 1.6745 LIFFE-STERLING EZS,000 S per E High Low 16775 16701 16725 16725

#### MONEY MARKETS

# Better tone after US auctions

LAST WEEK's programme of US Treasury auctions dominated sentiment surrounding the dollar, leading to a nervous recovery by

the currency.

Reaction to Tuesday's three-

AMSTERDAM

UK clearing bank base lending rate 9 per cent since May 8

Reaction to Tuesday's inree-year note auction was not good, and although Wednesday's 10-year Japanese participation. Dealers note auction was not considered a disaster, it was also not a great bought only about 15 per cent of the \$9.75bn 10-year notes on offer, The main question overhanging

8.5434% 9.1852% 8.4981% 9.1731% 8.68% 9.39% . £100m £100m

FT LONDON INTERBANK FIXING

QL00 a.m. May 81 3 months U.S. dollars		6 months U.S. dollars		
bed 71 <sub>8</sub>	ofter 74	bid 7,2	offer 74	
offered rates for \$10m o	e arithmetic means, rounde noted by the market to five r Westminster Bank, Bank o ranty Trust.	elerence banks at 11.0	10 a.m. each working day	

BANK OF ENGLAND TREASURY BILL TENDER

	change	armer supple	May 8	change
9	-12	NEW YORK Prime rates	8	Unch'd
214			쇒	-0.04
R 4981	-0.2007		6.17	-0.10
	-12		6.89	-0.01
8%	-15		•	
-			5.0	Unch'd
-	-		3.825	-0.025
87	二倍	Three menth	3.875	+0.025
821	32	PARIS		
-71	-32		7%	Unch'd
3 84275	1		g1.	+4
3.78125	=0.1875	Three month	61	
	9 9 9 8 8 9 8 8 8 8 8 8 8 8 8 8 8 8 8 8	8.4981 -0.2007 872 -12 874 -12 879 -15 871 -15 841 -12 3.84375 Unchrd	9   -12   Federal Fueds   Silks   -8   Silks	9 - 12 Prime rates 6 6 6 6 8 9 9 1 - 12

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and 3and 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market, in other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

and feared they would buy only about 20 per cent of the \$9.25bn 30-year bonds auctioned Thursday.

US unemployment figures. Forecasts for unemployment were in the region of 6.5 per cent, with the In the event Japanese securities houses appeared to buy about 40 per cent of the bonds offered, giving a better tone to US credit markets and providing support for

non-farm payroll rising about 250,000, but the April figure fell 0.3 per cent to 6.3 per cent, and non-farm employment rose 316,000. the dollar.

The dollar was also helped by much better than expected April

The better tone to the credit markets and the unemployment data lifted the dollar on Friday.

Treasury Bills and Bonds

MONEY RATES **NEW YORK** 

(4 pm)		us mouth			7 <del>4</del>	
d Prime rate Broker loan rate Fed. londs Fed. lunds at intervention	8 S	x month x month x year no jear	=	169 Firey 111 Seven	year	_
May 8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervende
Prankfurt Parts Zintch Amsterdum Tokyo Milan Brussels Doblin	51.51. 3.28125 97-104	3.75-3.90 8\(\dagger{a}\)-8\(\dagger{a}\) 3-3\(\dagger{a}\)-5\(\dagger{a}\)-5\(\dagger{a}\) 3.84375 9\(\dagger{a}\)-10\(\dagger{a}\)-7\(\dagger{a}\)-7\(\dagger{a}\)-11\(\dagger	3.80-3.95 8½-8½ 	3.80-3.95 8\(\frac{1}{2}\)-8\(\frac{1}{2}\)-8\(\frac{1}{2}\) 5\(\frac{1}{2}\)-5\(\frac{1}{2}\) 3.78125 9\(\frac{1}{2}\)-10\(\frac{1}{2}\)-10\(\frac{1}{2}\)	3.80-3.95 \$4-81 <sub>8</sub> 	50 74 —
FONDON WO	NEY RAT	ES				
May 8	Over- night	7 days notice	Month	Three Mosths	Six Months	One Year
Interbank Sterilog CDs. Local Authority Bends Local Authority Bonds Discount M'ket Dep Company Deposits Finance House Deposits	osits 914-5	91 <sub>2</sub> -91 <sub>9</sub>	92-9 92-82 94 94 94	87, 81, 513-55, 81, 9 82, 82, 81,	81-85 85-82 85 85 85 85	81,85 817,80 87, 87,

stant stream of public opinion

High Low Prev. 0.7202 0.7167 0.7194 0.7263 0.7232 0.7299 0.7324 0.7308 0.7300 — 0.7400 — 0.7500 Jene Sept. Dec. Mar. Jene

HIM 94.10 93.50 93.10 92.95 92.79 92.65 92.51 Ciss High 92.64 92.65 92.71 92.94 97.51 97.84 97.51 97.84 97.51 97.84 97.51 97.85 97.51 97.85 97.52 97.23 1255 92509 91.88 91.72 91.40 91.40 91.40 91.40

High 296,80 296,90 301,30 303,00

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ANNUAL REPORT INDEX 1987
During recent years Sweden has done much to restore its position as one of the world's leading trading nations.

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Mo och Domsjö AB

is a forest industry group with more than 7,000 employees, of whom more than 1,800 work abroad. The company is one of the largest producers of pulp and fine paper in Europe. Apart from these products the Group also produces tissue paper and hygiene products as well as sawn timber products. The operations are conducted through the following organisations:

MoDoSkogen (manages the Group's 635,000 hectares of productive forest lands and is responsible for supplying wood to the company's mills).

MoDoCell AB (production and sale of sulphate pulp, sulphite pulp, mechanical pulp and chemi-thermomechanical pulp).

MoDoPapper AB (production and sale of coated and uncoated fine paper).

MoDo Konsumentprodukter AB (production and sale of tissue paper, hygiene paper products).

Other units include Domsjö Sawmill (sawn timber products), MoDo Converting Machinery (sales of machinery for production of diapers and hygiene products) and the Power department. MoDo owns 39.9% of the shares in AB Iggesunds Bruk (a

forest industry group which produces paperboard, pulp and sawn timber products). In 1986 the Group's total sales amounted to SEK 7,397 million. The consolidated profits before extraordinary items,

appropriations and tax was SEK 343 million. MoDo S-891 80 Örnsköldsvik Sweden

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